

**NEW ISSUE – BOOK-ENTRY-ONLY****NO RATING APPLIED FOR**

*In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."*

**\$6,155,000**  
**CITY OF BURBANK**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-1**  
**(THE COLLECTION PUBLIC PARKING FACILITY)**  
**2006 SPECIAL TAX BONDS**

**Dated: Date of Delivery****Due: December 1, as shown below**

*This cover page contains certain information for general reference only. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) 2006 Special Tax Bonds (the "Bonds") are being issued by the City of Burbank, California (the "City"), for and on behalf of the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) (the "District"), in order to (i) finance a portion of the costs related to the construction of certain public parking improvements, (ii) fund a reserve fund for the Bonds, and (iii) pay for costs related to the issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF PROCEEDS" and "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

The Bonds are authorized to be issued pursuant to the City of Burbank Special Tax Financing Improvement Code, constituting Article 20 of Chapter 14 of the Burbank Municipal Code (the "Law"). The Bonds are being issued pursuant to a resolution of the Council of the City (the "City Council"), acting as the legislative body of the District, and a Fiscal Agent Agreement, dated as of February 1, 2006 (the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"). The Bonds are payable from certain revenues generated by (i) amounts received from or on behalf of the Redevelopment Agency of the City (the "Agency") constituting Tax Increment Revenues (as defined herein) and (ii) a Special Tax (as defined herein) authorized to be levied on the taxable real property within the District. The Tax Increment Revenues are payable, if available, to the Fiscal Agent, as assignee of Burbank Collection, Ltd., a California limited partnership (the "Developer"), under a promissory note executed by the Agency and payable to the Developer. The Special Tax, if required to be levied, will be levied in accordance with a Rate and Method of Apportionment of Special Tax approved by the City Council and the qualified elector within the District. See "THE BONDS," "SECURITY FOR THE BONDS," and "APPENDIX C – Rate and Method of Apportionment of Special Tax."

The Bonds will be dated the date of their original issuance and delivery, will be available in denominations of \$5,000 or integral multiples thereof, and will mature in the years and amounts as set forth in the table below. Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2006.

**The Bonds are subject to optional and mandatory redemption prior to maturity as described in this Official Statement. See "THE BONDS – Redemption Provisions."**

The Bonds will be delivered in fully-registered form only and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds may be purchased in book-entry form only in the Authorized Denominations as described in this Official Statement. See "APPENDIX I – Book-Entry-Only System."

**EXCEPT WITH RESPECT TO THE TAX INCREMENT REVENUES AND THE SPECIAL TAXES, NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE AGENCY, THE DISTRICT, THE COUNTY OF LOS ANGELES (THE "COUNTY"), OR THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY, THE DISTRICT, OR THE AGENCY, BUT ARE LIMITED OBLIGATIONS OF THE CITY, FOR AND ON BEHALF OF THE DISTRICT, PAYABLE SOLELY FROM TAX INCREMENT REVENUES AND SPECIAL TAXES AND FROM AMOUNTS IN CERTAIN OF THE FUNDS CREATED UNDER THE FISCAL AGENT AGREEMENT AND THE EARNINGS THEREON, ALL AS MORE FULLY DESCRIBED HEREIN.**

**MATURITY SCHEDULE**

<b>Maturity (December 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP<sup>(1)</sup> No.</b>	<b>Maturity (December 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP<sup>(1)</sup> No.</b>
2009	\$295,000	4.00%	100.00%	120784 AA 1	2015	\$380,000	4.75%	100.00%	120784 AG 8
2010	305,000	4.15	100.00	120784 AB 9	2016	400,000	4.85	100.00	120784 AH 6
2011	320,000	4.30	100.00	120784 AC 7	2017	415,000	4.95	100.00	120784 AJ 2
2012	335,000	4.45	100.00	120784 AD 5	2018	440,000	5.05	100.00	120784 AK 9
2013	345,000	4.55	100.00	120784 AE 3	2019	460,000	5.15	100.00	120784 AL 7
2014	365,000	4.65	100.00	120784 AF 0					

**\$2,095,000 5.20% Term Bonds Due December 1, 2023 - Price 100.00% CUSIP<sup>(1)</sup> No. 120784 AN 3**

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*The Bonds are offered when, as, and if issued by the City, for and on behalf of the District, and accepted by the Underwriter, subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City, the District, and the Agency by the City Attorney, for the Underwriter by Pillsbury Winthrop Shaw Pittman LLP, Century City, California, and for the Developer by Resch Polster Alpert & Berger, LLP, Los Angeles, California, and Latham & Watkins LLP. It is anticipated that the Bonds will be available in book-entry form for delivery in New York, New York, on or about February 9, 2006.*

**STONE & YOUNGBERG LLC**

Dated: January 27, 2006

No dealer, broker, salesperson, or other person has been authorized by Stone & Youngberg LLC (the "Underwriter"), the City, the District, or the Agency to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the District, the Agency, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation, or sale.

This Official Statement is not to be construed to be a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the City and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the City, the District, the Agency, or the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City, the District, or the Agency since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**CITY OF BURBANK  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
(THE COLLECTION PUBLIC PARKING FACILITY)**

**City Council**

Jef Vander Borcht, Mayor  
Todd Campbell, Vice Mayor  
David Golonski, Council Member  
Marsha Ramos, Council Member

**City Officials and Staff**

Mary J. Alvord, City Manager  
Robert Elliot, Interim Financial Services Director  
Susan M. Georgino, Director, Community Development Department  
Ruth Davidson-Guerra, Assistant Director, Community Development Department  
Dennis A. Barlow, City Attorney  
Mary Riley, Senior Assistant City Attorney  
Donna Anderson, City Treasurer  
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BTI Appraisal  
Los Angeles, California

**Fiscal Agent**

Wells Fargo Bank, National Association  
Los Angeles, California

**Underwriter's Counsel**

Pillsbury Winthrop Shaw Pittman LLP  
Century City, California

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**OFFICIAL STATEMENT**  
**\$6,155,000**  
**CITY OF BURBANK**  
**COMMUNITY FACILITIES DISTRICT NO. 2005-1**  
**(THE COLLECTION PUBLIC PARKING FACILITY)**  
**2006 SPECIAL TAX BONDS**

**INTRODUCTION**

*This introduction contains only a brief summary of certain of the terms of the Bonds being offered. A full review should be made of the entire Official Statement, including the cover page and the appendices. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to and summaries of provisions of the laws of the State of California (the "State") or the City of Burbank, California (the "City"), or any documents referred to herein, do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof.*

**General**

This Official Statement, which includes the cover page and appendices hereto, provides information concerning the issuance by the City, for and on behalf of the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) (the "District"), of \$6,155,000 aggregate principal amount of the District's 2006 Special Tax Bonds (the "Bonds"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Fiscal Agent Agreement, dated as of February 1, 2006 (the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and Wells Fargo Bank, national association, as fiscal agent (the "Fiscal Agent"). See "APPENDIX A – Summary of Certain Provisions of the Fiscal Agent Agreement."

**The District**

The District is comprised of approximately 1.92 acres of land located in the City. See "APPENDIX J – Boundary Map of the District." The District was formed pursuant to the City of Burbank Special Tax Financing Improvement Code, constituting Article 20 of Chapter 14 of the Burbank Municipal Code (the "Law"), and Resolution No. 27,098, adopted on October 25, 2005, by the Council of the City (the "City Council"), in order to finance a portion of the costs related to the construction of certain public parking improvements (the "Facilities"), and to authorize the levy of a Special Tax (as defined herein). See "THE BONDS," "THE DISTRICT," and "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

**Ownership and Development of District Property**

The property within the District is currently owned by Burbank Entertainment Village, L.L.C., a Delaware limited liability company ("Burbank Entertainment Village"). The District does not intend to issue the Bonds unless and until the property within the District is sold to Burbank Collection, Ltd., a California limited partnership (the "Developer"). The Developer plans to develop a mixed use project in the District that is expected to include approximately 118 condominium units (including rights to the exclusive use of 236 parking spaces in the Parking Structure, as defined herein) (collectively, the "Residential Component") and approximately 49,300 square feet of retail, restaurant, and storage space (including rights to use 209 parking spaces in the Parking Structure) (collectively, the "Commercial Component" and, together with the Residential Component, the "Development"). The final map for the Development is expected to be approved by the City Council on January 31, 2006. Pursuant to the Rate

and Method of Apportionment of Special Tax approved by the City Council and the qualified elector within the District (the "Rate and Method of Apportionment"), upon issuance of a building permit for the Residential Component, up to 118 residential units within the Residential Component will be released from the lien of the Special Tax. Upon such release, only the Commercial Component will be subject to the levy of Special Taxes. See "THE DEVELOPER AND THE DEVELOPMENT – The Developer" and "– Description of the Development" and "SECURITY FOR THE BONDS – Rate and Method of Apportionment of Special Tax."

### **Authorization and Purpose of Bonds**

The Bonds are authorized to be issued pursuant to the Law and are being issued pursuant to Resolution No. 27,102, adopted on October 25, 2005, by the City Council, acting as the legislative body of the District (the "Authorizing Resolution"), and the Fiscal Agent Agreement. The Bonds are being issued to provide moneys (i) to finance a portion of the costs related to the construction of the Facilities, (ii) to fund a reserve fund for the Bonds (the "Reserve Fund"), and (iii) to pay for costs related to the issuance of the Bonds. The Developer will advance its own funds at closing to be held by the Fiscal Agent in an amount sufficient, when added to the interest expected to be earned on such funds and on certain other amounts held by the Fiscal Agent, to pay interest on the Bonds through December 1, 2008. See "THE BONDS," "ESTIMATED SOURCES AND USES OF PROCEEDS," and "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

### **Payment of Bonds from Tax Increment Revenues**

Following the completion of the Facilities, as evidenced by the issuance by the City of a certificate of occupancy or temporary certificate of occupancy, the principal of and interest on the Bonds will be payable from Tax Increment Revenues (as defined herein) received by the Fiscal Agent as assignee under a promissory note, dated August 3, 1999 (the "Note"), to be executed by the Redevelopment Agency of the City of Burbank (the "Agency") in favor of the Developer. Pursuant to the Fiscal Agent Agreement, the Fiscal Agent will first apply Tax Increment Revenues to pay the principal of and interest on the Bonds and the Administrative Expenses of the District prior to the levy of Special Taxes by the City. See "– Repayment of Bonds from Special Taxes" below and "SECURITY FOR THE BONDS – Pledge of Special Taxes."

The Note will be executed pursuant to the terms of the Amended and Restated Owner Participation Agreement, dated as of December 2, 2004 (the "Original OPA"), by and between the Agency and Champion Realty, Ltd., a California limited partnership ("Champion"), as amended by that certain Administrative Amendment to the Schedule of Performance to Amended and Restated Owner Participation Agreement, dated March 25, 2005 (the "First Administrative Amendment"), executed by the Agency and Champion, as assigned by that certain Assignment, Assumption and Consent Agreement, dated as of September 27, 2005 (the "Assignment Agreement"), by and among Champion, the Developer, the City, and the Agency, pursuant to which Assignment Agreement, among other things, Champion's obligations under the Original OPA were assigned to the Developer, as amended by that certain Second Administrative Amendment to the Schedule of Performance to Amended and Restated Owner Participation Agreement, dated December 5, 2005 (the "Second Administrative Amendment"), executed by the Agency and the Developer, as further amended by that certain Third Administrative Amendment to the Schedule of Performance to Amended and Restated Owner Participation Agreement, dated January 27, 2006 (the "Third Administrative Amendment"), executed by the Agency and the Developer. The Original OPA, the First Administrative Amendment, the Assignment Agreement, the Second Administrative Amendment, and the Third Administrative Amendment are collectively referred to herein as the "OPA."

Tax Increment Revenues, which constitute and are defined as “Pro Rata Payments” under the Note (“Tax Increment Revenues”), will be pledged to pay the scheduled annual debt service with respect to the Bonds, plus Administrative Expenses related to the Bonds and the District; provided, however, that Tax Increment Revenues shall not exceed Available Net New Tax Increment accruing from and after completion of the Facilities. “Available Net New Tax Increment” is limited to 75% of the tax increment revenues generated from the incremental assessed value (over a base value established in the OPA) of an approximately four acre site (the “Tax Increment Site”) located in the Agency’s City Centre Redevelopment Project Area, a Constituent Project Area (as defined herein) within the Agency’s Burbank Merged and Amended Redevelopment Project Area (the “Merged Project Area”). The Tax Increment Revenues payable under the Note are subordinate to certain other Agency obligations as described herein. See “SECURITY FOR THE BONDS – Pledge of Tax Increment Revenues.”

In addition to the property comprising the District (including the Residential Component, which is part of the Development but not subject to the Special Tax), the Tax Increment Site currently includes approximately 35,000 square feet of developed retail space, anchored by an approximately 87,000 square foot, 16-screen, 4,200-seat cinema, and a 250-stall parking structure (collectively, the “Phase One Development”), which was previously developed by America Multi-Cinema, Inc. (“AMC”). See “SECURITY FOR THE BONDS – Pledge of Tax Increment Revenues – The Tax Increment Site” and “THE DEVELOPER AND THE DEVELOPMENT.”

Pursuant to the projections of Tax Increment Revenues provided by Keyser Marston Associates, Inc., the Agency’s fiscal consultant (the “Fiscal Consultant”), and described herein, assuming completion of the Development and the Facilities as described herein, the Tax Increment Revenues will be sufficient to pay annual debt service with respect to the Bonds in each year, commencing from and after the completion of the Facilities. See “SECURITY FOR THE BONDS – Pledge of Tax Increment Revenues – Tax Increment Revenue Projections” and “APPENDIX F – Fiscal Consultant’s Report.”

### **Payment of Bonds from Special Taxes**

Payment of the principal of and interest on the Bonds, and payment of any amounts required to replenish the balance in the Reserve Fund to the Reserve Requirement (as defined herein) and to pay Administrative Expenses, are also secured by the Special Tax levies, if required, to be collected within the District and by moneys, including portions of the interest earned thereon, held in certain funds established under the Fiscal Agent Agreement. The City has covenanted to comply with all requirements of the Law and the Fiscal Agent Agreement to assure the timely collection of Special Taxes, including, without limitation, the enforcement of delinquent Special Taxes. “See “SECURITY FOR THE BONDS – Pledge of Revenues Under Fiscal Agent Agreement” and “– Pledge of Special Taxes.”

The proceeds of the Special Taxes received by the City, including any scheduled payments and prepayments thereof, interest thereon, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien thereof to the amount of said lien and interest thereon, but not including any penalties collected in connection with any delinquent Special Taxes (the “Special Tax Revenues”), will be deposited by the City into a separate fund to be established under the Fiscal Agent Agreement and held by the Fiscal Agent (the “Special Tax Fund”). In addition, the Fiscal Agent will also deposit into the Special Tax Fund (i) the Tax Increment Revenues and (ii) any other amounts required by the Fiscal Agent Agreement to be deposited therein.

On the Business Day prior to each Interest Payment Date (as defined herein), the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund (a) prior to the date on which amounts are released from the Escrow Fund (as defined below) pursuant to the Fiscal Agent Agreement, all amounts then on deposit in the Special Tax Fund and (b) thereafter, an amount, taking into account any amounts then on deposit in the Bond

Fund and any expected transfers from other funds and accounts to the Bond Fund pursuant to the Fiscal Agent Agreement, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement. See "SECURITY FOR THE BONDS – Pledge of Special Taxes."

### **Other Security for the Bonds**

*Reserve Fund.* In order to secure the payment of principal of and interest and premium, if any, on the Bonds, a Reserve Fund has been established under the Fiscal Agent Agreement. The City is required to maintain an amount (from moneys available therefor under the Fiscal Agent Agreement) equal to the Reserve Requirement on deposit in the Reserve Fund so long as any Bonds remain outstanding. Amounts on deposit in the Reserve Fund will be used and withdrawn by the Fiscal Agent for the purpose of making transfers to the Bond Fund, in the event of any deficiency at any time in the Bond Fund of the amount then required for the payment of the principal of, and interest and any premium on, the Bonds or for the purpose of redeeming Bonds, all in accordance with the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Reserve Fund." Amounts in the Reserve Fund may also be used to pay any federal rebate payments due with respect to the Bonds.

*Escrow Fund.* Pursuant to the Fiscal Agent Agreement, a separate fund will be established and held by the Fiscal Agent (the "Escrow Fund") into which, on the date of issuance of the Bonds, will be deposited a portion of the proceeds of the Bonds in the amount of \$5,539,462.00. The Fiscal Agent shall disburse amounts from the Escrow Fund to the Reserve Fund, the Improvement Fund, and, if applicable, the Bond Fund, upon receipt of a certification from the City stating (a) the portion, if any, of the amount on deposit in the Escrow Fund to be used to redeem Bonds pursuant to the Fiscal Agent Agreement, which shall be an integral multiple of \$5,000, and (b) that, taking into account any such redemption, the Release Requirements (as defined herein) have been met. Upon receipt of such certification, the Fiscal Agent shall disburse the amount in the Escrow Fund as follows: (i) to the Bond Fund the amount, if any, described in the preceding clause (a), to be used to redeem Bonds on the next Interest Payment Date pursuant to the Fiscal Agent Agreement, (ii) to the Reserve Fund the amount necessary such that the amounts on deposit in the Reserve Fund is equal to the Reserve Requirement in effect following such release, and (iii) to the Improvement Fund, the balance of the amount on deposit in the Escrow Fund. See "SECURITY FOR THE BONDS – Escrow Fund." If the Release Conditions are not satisfied by April 15, 2008 (as such date may be extended pursuant to the terms of the Fiscal Agent Agreement), all amounts in the Escrow Fund will be transferred to the Bond Fund to be used to redeem a portion of the Bonds on June 1, 2008 (as such date may be extended pursuant to the term of the Fiscal Agent Agreement). See "THE BONDS – Redemption Provisions – Mandatory Redemption From Escrow Fund Transfer."

*Covenant to Commence Superior Court Foreclosure.* The City has covenanted with and for the benefit of the registered owners of the Bonds ("Owners" or "Bondowners") that it will order, and cause to be commenced as provided in the Fiscal Agent Agreement, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Covenant to Commence Superior Court Foreclosure for Delinquent Special Taxes."

### **Payment of Interest on the Bonds Prior to Completion of the Facilities**

Prior to the completion of the Facilities, interest on the Bonds will be paid from (1) investment earnings on moneys deposited in the Escrow Fund and the Reserve Fund and (2) moneys contributed by

the Developer (the "Developer Contribution") and held by the Fiscal Agent in the Capitalized Interest Account, together with any investment earnings on amounts on deposit in the Capitalized Interest Account. Moneys on deposit in the Escrow Fund, as well as moneys that comprise the Developer Contribution, are expected to be invested in an investment agreement, dated February 9, 2006 (the "Investment Agreement"), with IXISFC (as defined herein). The Investment Agreement, which satisfies the requirements for a Permitted Investment, will terminate on November 28, 2008, or earlier under certain circumstances as specified therein, and provides, among other things, that the moneys deposited thereunder will earn interest at a rate equal to 4.61% per annum. See "THE INVESTMENT AGREEMENT PROVIDER."

The Developer Contribution will be in an amount that, when combined with the estimated investment earnings on amounts in the Escrow Fund, will be sufficient to pay interest on the Bonds through December 1, 2008. See "ESTIMATED SOURCES AND USES OF PROCEEDS," and "SECURITY FOR THE BONDS – Payment of Interest on the Bonds Prior to Completion of the Facilities."

### **Limited Obligations**

**THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY, FOR AND ON BEHALF OF THE DISTRICT, AND ARE PAYABLE FROM AND SECURED BY A PLEDGE OF (A) THE SPECIAL TAXES, (B) THE TAX INCREMENT REVENUES, AND (C) MONEYS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE FISCAL AGENT AGREEMENT. THE OBLIGATION OF THE CITY, ACTING FOR AND ON BEHALF OF THE DISTRICT, TO MAKE PAYMENTS WITH RESPECT TO THE BONDS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY OR THE AGENCY, RESPECTIVELY, FOR WHICH THE CITY OR THE AGENCY, AS APPLICABLE, IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE AGENCY, AS APPLICABLE, HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, OTHER THAN THE SPECIAL TAXES AND THE TAX INCREMENT REVENUES. THE BONDS ARE NOT A DEBT OF THE CITY, THE AGENCY, THE DISTRICT, OR THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE CITY, TO THE LIMITED EXTENT SET FORTH IN THE FISCAL AGENT AGREEMENT), AND NONE OF THE CITY, THE AGENCY, THE DISTRICT, OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE WITH RESPECT TO THE BONDS (OTHER THAN THE CITY, TO THE LIMITED EXTENT SET FORTH IN THE FISCAL AGENT AGREEMENT), NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THE REVENUES AND ASSETS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT.**

### **Continuing Disclosure**

The City, for itself and on behalf of the District, and the Agency will each covenant in a Continuing Disclosure Agreement, the form of which is set forth in Appendix H, for the benefit of the Owners, to provide an annual report (each, an "Annual Report") containing certain financial information and operating data relating to the District, the Agency, and the Bonds for each Fiscal Year. The specific nature of the information to be contained in the Annual Reports and certain other terms of this continuing disclosure obligation are summarized in "APPENDIX H – Form of Continuing Disclosure Agreement (City/Agency Form)." See "CONTINUING DISCLOSURE – Continuing Disclosure by the City and Agency."

The Developer will covenant in a Continuing Disclosure Agreement, the form of which is set forth in Appendix H, for the benefit of the Owners, to provide semi-annual reports containing certain

financial information and operating data, as well as the status of the Facilities and the Development, for the applicable reporting period. The specific nature of the information to be contained in the semi-annual reports of the Developer, and certain other terms of its continuing disclosure obligations, are summarized in “APPENDIX H – Form of Continuing Disclosure Agreement (Developer Form).” See also “CONTINUING DISCLOSURE – Continuing Disclosure by the Developer.”

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. See also “RISK FACTORS.”

### **Miscellaneous**

This Official Statement contains brief descriptions of, among other things, the City, the Agency, the District, the Law, the Bonds, the Fiscal Agent Agreement, the Rate and Method of Apportionment, the Appraisal, the Development Agreement, the Acquisition Agreement, the OPA, the Note, and the Continuing Disclosure Agreements (as such terms are defined herein). Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to any documents are qualified in their entirety by reference to such documents, and references to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Fiscal Agent Agreement. Copies of the forms of the Fiscal Agent Agreement and the other documents described in this Official Statement may be obtained from the Fiscal Agent or the City.

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## ESTIMATED SOURCES AND USES OF PROCEEDS

The sources and application of funds in connection with the sale of the Bonds are estimated as follows:

### *Estimated Sources of Funds:*

Principal Amount of Bonds	\$6,155,000.00
Less: Underwriter's Discount	(169,701.25)
Plus: Developer Contribution <sup>(1)</sup>	<u>121,632.00</u>
<b>Total</b>	<b>\$6,106,930.75</b>

### *Estimated Uses of Funds:*

Deposit to Reserve Fund <sup>(2)</sup>	\$ 55,958.00
Deposit to Capitalized Interest Account of the Bond Fund <sup>(3)</sup>	121,632.00
Deposit to the Costs of Issuance Fund <sup>(4)</sup>	339,878.75
Transfer to the City for Deposit to Administrative Expense Fund <sup>(5)</sup>	50,000.00
Deposit to Escrow Fund	<u>5,539,462.00</u>
<b>Total</b>	<b>\$6,106,930.75</b>

- (1) Developer Contribution to be deposited into the Capitalized Interest Account. See "SECURITY FOR THE BONDS – Payment of Interest on the Bonds prior to Completion of the Facilities."
- (2) An amount equal to the initial Reserve Requirement as of the date the Bonds are sold. See "SECURITY FOR THE BONDS – Reserve Fund."
- (3) Represents an amount that when added to anticipated interest earnings on the Escrow Fund will be sufficient to pay interest on the Bonds through December 1, 2008. See "SECURITY FOR THE BONDS – Payment of Interest on the Bonds prior to Completion of the Facilities."
- (4) Amounts in the Costs of Issuance Fund will be used to pay certain costs associated with the issuance of the Bonds, including fees paid for the Appraisal, Special Tax Consultant fees, Financial Advisor fees, Fiscal Consultant fees, Fiscal Agent fees, Bond Counsel fees, Developer's Counsel fees, printing costs, and other costs of issuance.
- (5) The Administrative Expense Fund is established under the Fiscal Agent Agreement, but will be held and administered by the City, and is not pledged as security for the Bonds.

## THE BONDS

### General Provisions

The Bonds are authorized to be issued pursuant to the Law and are being issued pursuant to the Authorizing Resolution and the Fiscal Agent Agreement. The Bonds will be issued in fully-registered form without coupons and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX I – Book-Entry-Only System."

The Bonds will be issued in denominations of \$5,000 each or any integral multiple thereof. Principal of the Bonds will be payable on December 1 in the years and in the principal amounts set forth on the cover page hereof. The Bonds shall bear interest at the rates set forth on the cover page hereof (computed on the basis of a 360-day year consisting of twelve 30-day months) and interest will be payable semiannually on June 1 and December 1, commencing June 1, 2006 (each, an "Interest Payment Date"). Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month next preceding the month of such Interest Payment Date, whether or not such day is a Business Day ("Record Date"), in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the date of the Bond; provided, however, that if, at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds will be payable by check of the Fiscal Agent, mailed on the Interest Payment Dates to the registered Owner thereof at the address of such Bondowner shown on the Bond registration books maintained by the Fiscal Agent, or by wire transfer at the written request of any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more. Principal of and any premium on the Bonds are payable upon surrender of the Bonds at the principal corporate trust office of the Fiscal Agent in Los Angeles, California. While the Bonds are held in DTC book-entry form, all such payments will be made to Cede & Co., as nominee of DTC, or such nominee as DTC shall appoint in writing, as the Owner of the Bonds for subsequent transmittal to the Beneficial Owners (as defined in Appendix I). See "APPENDIX I – Book-Entry-Only System."

## Redemption Provisions

**Optional Redemption.** The Bonds are subject to optional redemption prior to their stated maturity from moneys available from any source, other than from (a) Special Tax Prepayments and corresponding transfers from the Reserve Fund or (b) transfers from the Escrow Fund, but including prepayments by the Agency under the Note, on any Interest Payment Date occurring on or after June 1, 2008, as a whole, or in part among maturities so as to maintain substantially level debt service on the Bonds and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
Any Interest Payment Date from June 1, 2008, to and including June 1, 2014	103%
December 1, 2014, and June 1, 2015	102
December 1, 2015, and June 1, 2016	101
December 1, 2016, and any Interest Payment Date thereafter	100

**Mandatory Sinking Fund Redemption.** The Bonds maturing on December 1, 2023 are subject to mandatory sinking payment redemption in part on December 1, 2020, and on each December 1, thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

<u>Mandatory Redemption Dates</u> <u>(December 1)</u>	<u>Sinking Fund</u> <u>Payments</u>
2020	\$485,000
2021	510,000
2022	535,000
2023 (maturity)	565,000

The amounts in the foregoing table shall be reduced to the extent practicable so as to maintain level debt service on the Bonds, as a result of any prior partial redemption of the Bonds pursuant to the Fiscal Agent Agreement.

**Redemption from Special Tax Prepayments.** Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to the Fiscal Agent Agreement shall be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can be timely given under the Fiscal Agent Agreement, by lot within a maturity and allocated among maturities of the Bonds so as to maintain substantially level debt service on the Bonds, at a redemption price (expressed as a percentage of the

principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

**Redemption Dates**

**Redemption Prices**

Any Interest Payment Date from June 1, 2008, to and including June 1, 2014	103%
December 1, 2014, and June 1, 2015	102
December 1, 2015, and June 1, 2016	101
December 1, 2016, and any Interest Payment Date thereafter	100

***Mandatory Redemption From Escrow Fund Transfer.*** The Bonds are subject to a one-time mandatory redemption on the earlier of (i) the next Interest Payment Date for which notice of redemption can timely be given following the release of amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement, or (ii) June 1, 2008 (or such later date as may be permitted under the Fiscal Agent Agreement), in part among maturities so as to maintain substantially level debt service on the Bonds and by lot within a maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from amounts transferred from the Escrow Fund to the Bond Fund pursuant to the Fiscal Agent Agreement.

***Purchase In Lieu of Redemption.*** In lieu of redemption described above, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

***Redemption Procedure by Fiscal Agent.*** The Fiscal Agent shall cause notice of any redemption to be mailed by first-class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Original Purchaser, to the Securities Depositories, to one or more Information Services (as such terms are defined in the Fiscal Agent Agreement), and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the principal corporate trust office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the principal corporate trust office of the Fiscal Agent for redemption at the said redemption price (including any interest accrued to the date of redemption), and shall state that further interest on such Bonds will not accrue from and after the redemption date.

Upon the payment of the redemption price of Bonds being redeemed (including any interest accrued to the date of redemption), each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, of the Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds or any given portion thereof, the Fiscal Agent shall select the Bonds to be redeemed, from all

Bonds or such given portion thereof not previously called for redemption, among maturities as directed in writing by the City (which shall specify Bonds to be redeemed so as to maintain, as much as practicable, the same debt service profile for the Bonds as in effect prior to such redemption, unless otherwise specified in the Fiscal Agent Agreement), and by lot within a maturity in any manner which the Fiscal Agent deems appropriate.

Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

**Effect of Redemption.** From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price (including any interest accrued to the date of redemption), and no interest shall accrue thereon on or after the redemption date specified in such notice.

### Debt Service for the Bonds

The following table sets forth the annual debt service requirements for the Bonds:

**Table 1**  
**Debt Service Schedule**

<u>Year</u> <u>(December 1)</u>	<u>Principal Due</u> <u>on Bonds</u>	<u>Interest Due</u> <u>on Bonds</u>	<u>Total Debt Service</u> <u>Due on Bonds</u>
2006		\$ 242,228.19 <sup>(1)</sup>	\$ 242,228.19
2007		298,637.50 <sup>(1)</sup>	298,637.50
2008		298,637.50 <sup>(1)</sup>	298,637.50
2009	\$ 295,000	298,637.50	593,637.50
2010	305,000	286,837.50	591,837.50
2011	320,000	274,180.00	594,180.00
2012	335,000	260,420.00	595,420.00
2013	345,000	245,512.50	590,512.50
2014	365,000	229,815.00	594,815.00
2015	380,000	212,842.50	592,842.50
2016	400,000	194,792.50	594,792.50
2017	415,000	175,392.50	590,392.50
2018	440,000	154,850.00	594,850.00
2019	460,000	132,630.00	592,630.00
2020	485,000	108,940.00	593,940.00
2021	510,000	83,720.00	593,720.00
2022	535,000	57,200.00	592,200.00
2023 (maturity)	<u>565,000</u>	<u>29,380.00</u>	<u>594,380.00</u>
Totals	\$6,155,000	\$3,584,653.19	\$9,739,653.19

(1) Interest Payment expected to be made from amounts on deposit in the Capitalized Interest Account, together with earnings on moneys on deposit therein and in the Escrow Fund and the Reserve Fund.

Source: Underwriter.

## **SECURITY FOR THE BONDS**

### **Pledge of Revenues Under Fiscal Agent Agreement**

The Bonds are secured by a first pledge of all the Tax Increment Revenues and Special Tax Revenues (collectively, the "Revenues") and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account and the Capitalized Interest Account therein), the Reserve Fund, and, until disbursed as provided in the Fiscal Agent Agreement, the Special Tax Fund and the Escrow Fund. The Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are pledged to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the Fiscal Agent Agreement.

Amounts in the Administrative Expense Fund, the Improvement Fund, and the Costs of Issuance Fund established under the Fiscal Agent Agreement are not pledged to the repayment of the Bonds. The Facilities financed with the proceeds of the Bonds are not in any way pledged to pay debt service on the Bonds. Any proceeds of condemnation or destruction of any portion of the Facilities are not pledged to pay debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

**The obligations of the City under the Fiscal Agent Agreement and the Bonds are limited obligations payable solely from the Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent described herein), the County of Los Angeles (the "County"), or the State, or any political subdivision of the State, is pledged to the payment of the Bonds.**

### **Pledge of Tax Increment Revenues**

***Tax Increment Revenues and the Note.*** Following the completion of the Facilities, as evidenced by the issuance by the City of a certificate of occupancy or temporary certificate of occupancy, the principal of and interest on the Bonds will be payable from Tax Increment Revenues received by the Fiscal Agent as assignee under the Note. Pursuant to the Fiscal Agent Agreement, the Fiscal Agent will first apply Tax Increment Revenues to pay the principal of and interest on the Bonds and the Administrative Expenses of the District prior to notifying the City that a levy of the Special Tax will be necessary to meet the Special Tax Requirement (as defined herein). See "SECURITY FOR THE BONDS – Pledge of Special Taxes."

The Note will be executed pursuant to the terms of the OPA. Tax Increment Revenues, which constitute Pro Rata Payments under the Note, will be pledged to pay the scheduled annual debt service with respect to the Bonds, plus Administrative Expenses related to the Bonds and the District; provided, however, that Tax Increment Revenues shall not exceed Available Net New Tax Increment accruing from and after completion of the Facilities. The Tax Increment Revenues payable under the Note are subordinate to certain other Agency obligations as described herein (the "Senior Agency Obligations"). See "Senior Agency Obligations" below.

All payments by the Agency on the Note received by the Fiscal Agent will be deposited by the Fiscal Agent to the Special Tax Fund; provided, however, that (i) in the event the Bonds are partially redeemed from amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement, the Fiscal Agent shall, from and after any such redemption, promptly remit to the Developer or its written assignee a portion of all payments made on the Note to the Fiscal Agent with respect to the originally scheduled debt service on the Bonds equal to a fraction, the numerator of which is equal to the principal amount of the Bonds so redeemed and the denominator of which is the principal amount of the Bonds outstanding

immediately prior to such redemption, and (ii) the Fiscal Agent shall promptly remit to the Developer or its written assignee any portion of any payment received by it under the Note that the Agency has identified to the Fiscal Agent in writing as constituting a Shortfall Payment. The term "Shortfall Payment" is defined in the Note as the difference between the Available Net New Tax Increment and the scheduled annual debt service on the Bonds and Administrative Expenses related to the Bonds and the District, in the event that such Available Net New Tax Increment is less than such scheduled annual debt service on the Bonds and Administrative Expenses related to the Bonds and the District due from time to time. See "APPENDIX F – Fiscal Consultant's Report."

Upon the earlier of (i) payment in full of the Bonds, or (ii) legal defeasance of the Bonds pursuant to the Fiscal Agent Agreement, the Fiscal Agent shall (a) if such payment in full or legal defeasance occurs prior to December 1, 2023, endorse over, reassign, and return the Note to the Developer, or (b) if such payment in full or legal defeasance occurs on or after December 1, 2023, endorse over and return the Note to the Agency. In the event that (a) the Bonds are refinanced in a manner such that the obligation to pay Special Taxes is extinguished, (b) a notice of cancellation of the Special Tax lien is recorded against all property in the District, and (c) all Pro Rata Payments and any Shortfall Payments theretofore due and payable under the Note have been paid in full, all obligations of the Agency under the Note shall terminate.

**Senior Agency Obligations.** The Tax Increment Revenues payable under the Note are subordinate to the Senior Agency Obligations. The Senior Agency Obligations include (1) County Administrative Fees, (2) the Housing Set-Aside Amount, (3) ERAF payments, if any, (4) the 1993 Series A Bonds, (5) the Media Center Promissory Notes, and (6) the YES Fund contributions (as such terms are defined below). The Senior Agency Obligations are more particularly described below (see also "APPENDIX F – Fiscal Consultant's Report"):

County Administrative Fees. Senate Bill No. 2557, adopted by the California Legislature in 1990 ("SB 2557"), permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to the County's property tax administration costs proportionately attributable to such cities (the "County Administrative Fees"). SB 2557, and subsequent legislation under Senate Bill No. 1559, adopted by the California Legislature in 1992, permits counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. The projections of Tax Increment Revenues contained herein assume that the County will continue to charge the Agency for property tax administration and that future charges will continue to be applied in subsequent years at 2% of the gross tax increment revenue. The County Administrative Fees are deducted from tax revenues otherwise payable to the Agency in December of each year.

Low and Moderate Income Housing Set Aside Requirement. Sections 33334.2 and 33334.3 of the Redevelopment Law, constituting Section 33000 *et seq.* of the California Health and Safety Code (the "Redevelopment Law"), require each redevelopment agency to set aside not less than 20% of all tax increment (the "Housing Set-Aside Amount") in a low and moderate income housing fund to be expended for authorized low and moderate income housing purposes. Amounts on deposit in the Low and Moderate Income Housing Fund may also be applied to pay debt service on bonds, loans, or advances used to provide financing for such low and moderate income housing purposes. Under the Redevelopment Law, the Housing Set-Aside Amount can be reduced or eliminated if the redevelopment agency finds that (1) no need exists in the community to improve or increase the supply of low and moderate income housing, (2) that some stated percentage less than 20% of the tax increment is sufficient to meet the housing need, or (3) that other substantial efforts, including the obligation of funds from certain local, state or federal sources for low and moderate income housing, or equivalent impact are being provided for in the community. The Agency has made no such finding

and is, therefore, obligated to make such set-aside. The Agency sets aside amounts for deposit in the Low And Moderate Income Housing Fund in June of each year.

Educational Revenue Augmentation Fund. Senate Bill No. 1045, adopted by the California Legislature in 2003, required redevelopment agencies to shift \$135 million in property tax revenues to K-12 schools and community colleges during the 2003-04 Fiscal Year. The shift of tax increment revenues was placed into the Educational Revenue Augmentation Fund ("ERAF"). Senate Bill No. 1096, adopted by the California Legislature in 2004, required redevelopment agencies to annually shift \$250 million in property tax revenues to K-12 schools and community colleges during the 2004-05 and 2005-06 Fiscal Years, which moneys are also required to be deposited into ERAF. The Agency will be required to allocate the 2005-06 ERAF payment to the County Auditor-Controller on May 10, 2006. The Agency has represented that the City Centre Redevelopment Project Area's ERAF obligation for fiscal year 2005-06 will be fully funded from the West Olive Redevelopment Project Area and, therefore, no ERAF payments were deducted from the Tax Increment Revenue projections contained herein and in the Fiscal Consultant's Report.

1993 Series A Bonds. On September 23, 2003, the Burbank Public Financing Authority issued its Revenue Bonds, 2003 Series C (City Centre Redevelopment Project), in the aggregate principal amount of \$22,015,000 (the "2003 Series C Bonds"), of which \$21,205,000 remains outstanding. The proceeds of the 2003 Series C Bonds were used to purchase, in lieu of redemption, the Agency's outstanding City Centre Redevelopment Project Tax Allocation Bonds, 1993 Series A, previously issued in the aggregate principal amount of \$23,945,000 and currently outstanding in the aggregate principal amount of \$20,650,000 (the "1993 Series A Bonds"). The 1993 Series A Bonds are secured by tax increment generated from the City Centre Redevelopment Project Area, and such 1993 Series A Bonds are currently being held in trust by the trustee for the 2003 Series C Bonds to pay debt service with respect to the 2003 Series C Bonds. Debt service payable with respect to the 1993 Series A Bonds, while senior to Pro Rata Payments under the Note, are not expected to result in a reduction of projected Tax Increment Revenues.

Media Center Promissory Notes. Property tax revenues generated by the Media Center project within the City Centre Redevelopment Project Area currently secure a \$33 million promissory note and an \$18.5 million promissory note (collectively, the "Media Center Promissory Notes") through 2016. Debt service payable with respect to the Media Center Promissory Notes, while senior to Pro Rata Payments under the Note, are not expected to result in a reduction of projected Tax Increment Revenues.

YES Fund Contribution. Pursuant to Resolution No. 23,169, adopted by the City Council on January 15, 1991, the Agency is required to make annual contributions of tax increment generated by the City Centre Redevelopment Project Area to the Youth Endowment Service Fund (the "YES Fund"). Approximately 5% of the growth in assessed valuation of the property within the City Centre Redevelopment Project Area is paid into the YES Fund in June of each year.

***The Tax Increment Site.*** The Tax Increment Site is comprised of approximately four acres located within the Agency's City Centre Redevelopment Project Area and encompasses County Assessor parcel numbers 2453-005-059 and 2453-003-033. The City Centre Redevelopment Project Area is one of three Constituent Project Areas within the Agency's Merged Project Area. The Tax Increment Site includes the site of the Development (*i.e.*, the property within the District) and the Phase One Development. The Phase One Development was completed in 2003 by AMC and includes approximately 35,000 square feet of developed retail space, anchored by an approximately 87,000 square foot, 16-screen, 4,200-seat AMC cinema, and a 250-stall parking structure.

The property within the Tax Increment Site is used primarily for commercial purposes, with some multifamily uses. The assessed value of the property within the Tax Increment Site for fiscal year 2005-06 was approximately \$45,677,000. The incremental assessed value of the Tax Increment Site for fiscal year 2005-06 (*i.e.*, the increase in the assessed value of the Tax Increment Site over the assessed value of such Tax Increment Site in fiscal year 1999-00) was approximately \$34,446,000. For additional information regarding the Agency, the Agency's redevelopment project areas, and how the Agency receives and disburses tax revenues, see "APPENDIX E – The Redevelopment Agency and the Redevelopment Project Areas." See also "APPENDIX F – Fiscal Consultant's Report."

Pursuant to the OPA, the Agency shall not be required to make any Pro Rata Payment from any moneys other than the Net New Tax Increment available to the Agency for such payment. In the event that, at the end of the original term of the Bonds, the Agency has not paid the full amount of the Pro Rata Payments because Available Net New Tax Increment funds have been insufficient to make such Pro Rata Payments, any remaining obligations of the Agency to pay such amounts shall be terminated at such time. Notwithstanding the previous sentence, the Agency's obligations under the OPA and the Note constitute a pledge of tax increment generated within the City Centre Redevelopment Project Area (subject to the completion of the Facilities), and shall be prior and superior to pledges of tax increment generated by the Tax Increment Site made after the date of the Agency's pledge of Pro Rata Payments (which date is August 3, 1999), except as the parties to the OPA agree otherwise. See "APPENDIX E – The Redevelopment Agency and the Redevelopment Project Areas" and "APPENDIX F – The Fiscal Consultant's Report."

***Tax Increment Revenue Projections.*** The following table sets forth the projected Tax Increment Revenues over the life of the Bonds:

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**Table 2**  
**Projection of Tax Increment Revenues <sup>(1)</sup>**

<u>Fiscal Year</u>	<u>Assessed Value <sup>(2)</sup></u>	<u>Added Value from New Development <sup>(3)</sup></u>	<u>Total Assessed Value <sup>(4)</sup></u>	<u>Incremental Value Over Base Fiscal Year <sup>(5)</sup></u>	<u>Gross Tax Incremental Revenue <sup>(6)</sup></u>	<u>Less: Housing Set-Aside Amount <sup>(7)</sup></u>	<u>Less: County Administrative Fees <sup>(8)</sup></u>	<u>YES Fund Contribution <sup>(9)</sup></u>	<u>Projected Tax Increment Revenues <sup>(10)</sup></u>	<u>Debt Service Required for the Bonds</u>	<u>Debt Service Coverage</u>
2005-06	\$45,677,000	\$0	\$45,677,000	\$34,446,000	\$347,000	(\$69,000)	(\$7,000)	(\$17,000)	\$253,000	N/A	N/A
2006-07	46,591,000	10,157,000	56,747,000	45,517,000	458,000	(92,000)	(9,000)	(23,000)	335,000	N/A	N/A
2007-08	57,882,000	0	57,882,000	46,652,000	470,000	(94,000)	(9,000)	(23,000)	343,000	N/A	N/A
2008-09	59,040,000	71,171,000	130,211,000	118,980,000	1,198,000	(240,000)	(24,000)	(60,000)	875,000	\$593,638	1.47
2009-10	132,815,000	0	132,815,000	121,584,000	1,224,000	(245,000)	(24,000)	(61,000)	894,000	591,838	1.51
2010-11	135,471,000	0	135,471,000	124,241,000	1,251,000	(250,000)	(25,000)	(63,000)	913,000	594,180	1.54
2011-12	138,181,000	0	138,181,000	126,950,000	1,278,000	(256,000)	(26,000)	(64,000)	933,000	595,420	1.57
2012-13	140,944,000	0	140,944,000	129,714,000	1,306,000	(261,000)	(26,000)	(65,000)	954,000	590,513	1.62
2013-14	143,763,000	0	143,763,000	132,533,000	1,335,000	(267,000)	(27,000)	(67,000)	974,000	594,815	1.64
2014-15	146,638,000	0	146,638,000	135,408,000	1,364,000	(273,000)	(27,000)	(68,000)	995,000	592,843	1.68
2015-16	149,571,000	0	149,571,000	138,341,000	1,393,000	(279,000)	(28,000)	(70,000)	1,017,000	594,793	1.71
2016-17	152,563,000	0	152,563,000	141,332,000	1,423,000	(285,000)	(28,000)	(71,000)	1,039,000	590,393	1.76
2017-18	155,614,000	0	155,614,000	144,383,000	1,454,000	(291,000)	(29,000)	(73,000)	1,061,000	594,850	1.78
2018-19	158,726,000	0	158,726,000	147,496,000	1,485,000	(297,000)	(30,000)	(74,000)	1,084,000	592,630	1.83
2019-20	161,901,000	0	161,901,000	150,670,000	1,517,000	(303,000)	(30,000)	(76,000)	1,108,000	593,940	1.87
2020-21	165,139,000	0	165,139,000	153,908,000	1,550,000	(310,000)	(31,000)	(77,000)	1,131,000	593,720	1.90
2021-22	168,441,000	0	168,441,000	157,211,000	1,583,000	(317,000)	(32,000)	(79,000)	1,156,000	592,200	1.95
2022-23	171,819,000	0	171,819,000	160,580,000	1,617,000	(323,000)	(32,000)	(81,000)	1,180,000	594,380	1.99
2023-24	175,751,000	0	175,246,000	164,016,000	1,652,000	(330,000)	(33,000)	(83,000)	1,206,000	0	--

(1) "Tax Increment Revenues" is a defined term. See "INTRODUCTION – Payment of Bonds from Tax Increment Revenues."

(2) Fiscal Year 2005-06 assessed value as reported by the Los Angeles County Auditor Controller; commencing in Fiscal Year 2006-07, assessed value assumed to increase by 2% per year.

(3) Estimated value added by Development and Phase One Development.

(4) Based upon the County's current allocation schedule, no tax increment would be paid after the October 26, 2024, tax increment receipt limit date (as extended).

(5) Assessed Value of Tax Increment Site property in Fiscal Year 1999-00 was \$11,231,000.

(6) An assumed tax rate of 1.007% has been employed, based upon the actual Fiscal Year 2004-05 tax rate.

(7) The Housing Set-Aside Amount represents approximately 20% of the gross tax incremental revenue for the Tax Increment Site.

(8) The County Administrative Fees represent approximately 2% of the gross tax incremental revenue for the Tax Increment Site.

(9) The YES Fund contribution represents approximately 5% of the gross tax incremental revenue for the Tax Increment Site.

(10) Debt service payable with respect to the 1993 Series A Bonds and the Media Center Promissory Notes, while senior to Pro Rata Payments under the Note, is not expected to result in a reduction of projected Tax Increment Revenues.

Source: Keyser Marston Associations, Inc.

The availability of Tax Increment Revenues is subject to senior obligations of the Agency secured by liens against the tax increment generated by the property in the City Centre Redevelopment Project Area, including the Senior Agency Obligations. In addition, the procedures employed by the County with respect to assessment and levy of property taxes on property within the Tax Increment Site are subject to change in accordance with policy revisions or legislative mandate. While the Agency believes the estimates in the foregoing table to be reasonable, taxable values resulting from actual appraisals may vary from the amounts contained therein. Consequently, the Agency can give no assurances as to the certainty of the projected Tax Increment Revenues shown in the foregoing table. Actual revenues may be higher or lower than projected and are subject to, among other factors, (i) changes in the valuation of property within the Tax Increment Site resulting from new development or destruction of existing development in and around the Tax Increment Site, (ii) the resolution of outstanding appeals or the filing of future appeals with respect to the property tax levied on property within the Tax Increment Site, or (iii) the non-payment of property taxes levied on property within the Tax Increment Site when due. See "RISK FACTORS – Levy and Collection of Taxes." See also "APPENDIX F – Fiscal Consultant's Report."

### **Pledge of Special Taxes**

Payment of the principal of and interest on the Bonds, and payment of any amounts required to replenish the balance in the Reserve Fund to the Reserve Requirement, are also secured by the Special Tax levies, if required, to be collected within the District and moneys, including portions of the interest earned thereon, held in certain funds established under the Fiscal Agent Agreement. The City has covenanted to comply with all requirements of the Law and the Fiscal Agent Agreement to assure the timely collection of Special Taxes, including, without limitation, the enforcement of delinquent Special Taxes.

The City has acknowledged in the Fiscal Agent Agreement that it is expected that the Tax Increment Revenues, amounts on deposit in the Capitalized Interest Account (including the earnings thereon), and the earnings on amounts in the Escrow Fund and the Reserve Fund will be sufficient to pay the scheduled debt service on the Bonds. Nevertheless, on the forty-fifth day prior to each Interest Payment Date that occurs following the release of amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement (and after any transfers of investment earnings from the Reserve Fund pursuant to the Fiscal Agent Agreement to the Bond Fund to occur on each such forty-fifth day prior to the respective Interest Payment Date), the Fiscal Agent shall determine the difference between the amount then available in the Bond Fund and the Special Tax Fund to pay debt service due on the Bonds on the next succeeding Interest Payment Date and the debt service so due and payable. In the event of a shortfall in amounts needed to pay the scheduled debt service on any such Interest Payment Date, the Fiscal Agent shall inform the City in writing of the amount of such shortfall and the City shall, on or before the thirtieth day prior to such Interest Payment Date, send a Special Tax bill to each of the applicable landowners in the District, allocating a portion of the amount of the shortfall to each taxable parcel in the District according to the Rate and Method of Apportionment. The Special Tax bills shall provide that (a) any amount so billed is due and payable on the date which is three Business Days prior to the respective Interest Payment Date, (b) that payment shall be made directly to the Fiscal Agent (and the Fiscal Agent shall deposit any amount so received to the Special Tax Fund), and (c) that penalties and interest will accrue on any amount to paid by the due date. The Fiscal Agent shall provide written notice to the City of any amounts received by it as a payment by a property owner of Special Taxes. The City may also send Special Tax bills from time to time to the property owners in the District, in accordance with the Rate and Method of Apportionment, in order to pay Administrative Expenses if amounts in the Administrative Expense Fund are insufficient for such purposes, or may include amounts for such purpose in the Special Tax bills, if any, sent to the landowners in the District pursuant to the foregoing provisions of this paragraph.

The City has covenanted in the Fiscal Agent Agreement to compare, on or about June 2 and December 2 of each Fiscal Year, the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City and, under certain circumstances, to initiate judicial foreclosure proceedings in the event of the discovery of delinquent payments of Special Taxes following such annual reconciliations. See “-- Covenant to Commence Superior Court Foreclosure for Delinquent Special Taxes” below.

**It is expected that there will be only one owner of land in the District that is subject to the Special Tax levy. The Special Taxes, if required, will be levied against the taxable property within the District; they do not constitute a personal indebtedness of the applicable property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will pay such Special Taxes even if financially able to do so. See “RISK FACTORS – Payment and Collection of Special Taxes.”**

### **Rate and Method of Apportionment of Special Tax**

Pursuant to the Law, when a community facilities district is formed, a special tax may be levied on each parcel of taxable property within the district to pay for the construction, acquisition, and rehabilitation of public facilities, to pay for authorized services, or to repay bonded indebtedness or other related expenses incurred by the district. The Rate and Method of Apportionment establishes several classifications for property subject to the Special Tax levy. The Special Tax levied on a parcel of Non-Residential Property (as defined in the Rate and Method of Apportionment) is based on the amount of Floor Area (as defined in the Rate and Method of Apportionment) located on that parcel, while the Special Tax levied on a parcel of Undeveloped Property or Other Taxable Property (as such terms are defined in the Rate and Method of Apportionment) is based on the acreage of that parcel. Other Taxable Property includes Taxable Residential Property (which is not expected to include the Residential Component), Taxable Parking Property, Public Property, or Property Owner Association Property, as such terms are defined in the Rate and Method of Apportionment. See “APPENDIX C – Rate and Method of Apportionment of Special Tax.” See also “THE DEVELOPER AND THE DEVELOPMENT – Description of the Development.”

Pursuant to the Rate and Method of Apportionment, the “Maximum Special Tax” for Non-Residential Property in the District is the greater of (i) the Assigned Special Tax or (ii) the Backup Special Tax. The “Assigned Special Tax” for Non-Residential property in the District for Fiscal Year 2005-06 is \$19.131 per square foot of Floor Area, and is subject to an increase every July 1, commencing July 1, 2006, of two percent (2%) of the amount in effect for the previous Fiscal Year. The “Backup Special Tax” for Non-Residential Property for Fiscal Year 2005-06 is \$748,030, and is subject to an increase every July 1, commencing July 1, 2006, of two percent (2%) of the amount in effect for the previous Fiscal Year. The Backup Special Tax is calculated for each parcel of Non-Residential Property at the time a building permit is issued for such parcel as the Backup Special Tax for all of the District multiplied by the quotient of the Floor Area of such parcel divided by the Floor Area of all parcels of Non-Residential Property in existence at such time.

Each Fiscal Year, all taxable property within the District will be classified as Non-Residential Property, Undeveloped Property, or Other Taxable Property, and will be subject to Special Taxes in accordance with the Rate and Method of Apportionment. Commencing with Fiscal Year 2005-06 and for each following Fiscal Year, the City will determine or cause to be determined the Special Tax Requirement and will levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. Each Fiscal Year the Special Tax will be levied proportionately on each parcel within the District up to one hundred percent (100%) of the Maximum Special Tax.

The term “Special Tax Requirement” is defined in the Rate and Method of Apportionment as the amount required in any Fiscal Year to (i) pay debt service with respect to all outstanding Bonds, (ii) pay

periodic costs associated with the Bonds, including, but not limited to, credit enhancement and any required rebate to the United States government, (iii) pay Administrative Expenses, (iv) pay any amounts required to establish or replenish any reserve funds for all outstanding Bonds (including the Reserve Fund), (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year, less (vi) a credit for funds available to reduce the annual Special Tax levy (including any Tax Increment Revenues), whether through the OPA or otherwise, as determined by the City in accordance with the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Pledge of Revenues Under Fiscal Agent Agreement," "– Pledge of Tax Increment Revenues," and "– Pledge of Special Taxes," and "APPENDIX C – Rate and Method of Apportionment of Special Tax."

### **Special Tax Fund**

The Special Tax Revenues, which are comprised of the proceeds of the Special Taxes received by the City, including any scheduled payments and prepayments thereof, interest thereon, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien thereof to the amount of said lien and interest thereon, but which do not include any penalties collected in connection with any delinquent Special Taxes, will be deposited by the City into the Special Tax Fund and applied in accordance with the Fiscal Agent Agreement. In addition, the Fiscal Agent will also deposit into the Special Tax Fund (i) the Tax Increment Revenues and (ii) any other amounts required by the Fiscal Agent Agreement to be deposited therein. Notwithstanding the foregoing, (i) any Revenues constituting payment of Administrative Expenses shall be transferred to the City for deposit into the Administrative Expense Fund established under the Fiscal Agent Agreement (and the Fiscal Agent shall remit to the City for such purpose any Special Taxes received by the Fiscal Agent pursuant to a billing to property owners in the District pursuant to the Fiscal Agent Agreement, to the extent the City advises the Fiscal Agent of the portion of the amounts so billed that are to be used to pay Administrative Expenses), (ii) any proceeds of Special Tax Prepayments shall be transferred by the City to the Fiscal Agent for deposit by the Fiscal Agent (as specified in writing by the City to the Fiscal Agent) directly in the Special Tax Prepayments Account established under the Fiscal Agent Agreement, and (iii) the portion of the Tax Increment Revenues, if any, to be paid to or upon the order of the Developer, including any Shortfall Payments, pursuant to the Fiscal Agent Agreement shall be remitted by the Fiscal Agent to the applicable party pursuant to the Fiscal Agent Agreement.

On the Business Day prior to each Interest Payment Date (as defined herein), the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund (a) prior to the date on which amounts are released from the Escrow Fund pursuant to the Fiscal Agent Agreement, all amounts then on deposit in the Special Tax Fund and (b) thereafter, an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from other funds and accounts to the Bond Fund pursuant to the Fiscal Agent Agreement, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement.

### **Reserve Fund**

In order to further secure the payment of principal of, and interest and any premium on, the Bonds, the Fiscal Agent Agreement provides that, from the proceeds of the sale of the Bonds, an amount will be deposited into the Reserve Fund equal to the Reserve Requirement. The term "Reserve Requirement" is defined in the Fiscal Agent Agreement to mean, (A) as of any date of calculation prior to the date on which funds are transferred from the Escrow Fund pursuant to the Fiscal Agent Agreement, \$55,958.00, and (B) as of any date of calculation thereafter, an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual

Debt Service, or (iii) ten percent (10%) of the then outstanding principal amount of the Bonds. The term "Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any outstanding Bonds. The term "Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the outstanding Bonds in such Bond Year, assuming that the outstanding Bonds are retired as scheduled (including by reason of mandatory sinking payments), and (ii) the principal amount of the outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or for the purpose of redeeming Bonds from the Bond Fund, all in accordance with the Fiscal Agent Agreement. See "APPENDIX A – Summary of Certain Provisions of the Fiscal Agent Agreement."

The Fiscal Agent shall transfer from the Reserve Fund to the Bond Fund the amount, if any, in the Reserve Fund that is in excess of the amount of the then Reserve Requirement (i) on the Business Day prior to each Interest Payment Date that occurs prior to the transfer of amounts in the Escrow Fund to the Reserve Fund, the Improvement Fund, and, if applicable, the Bond Fund pursuant to the Fiscal Agent Agreement, (ii) on the forty-fifth day prior to each Interest Payment Date that occurs following a transfer from the Escrow Fund pursuant to the Fiscal Agent Agreement, and (iii) on any other date at the written request of the City, with any amount so transferred from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, such balance will be transferred to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with the Fiscal Agent Agreement, as applicable, of all of the outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose of the City. Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund as described herein until after (i) the calculation of any amounts due to the federal government pursuant to the Fiscal Agent Agreement following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement, a proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed, and the original principal of the Bonds) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement.

Amounts in the Reserve Fund may at any time be used, at the written direction of an authorized officer of the City, for the purposes of paying any rebate liability under the Fiscal Agent Agreement.

### **Escrow Fund**

Pursuant to the Fiscal Agent Agreement, a portion of the proceeds from the sale of the Bonds in an amount equal to \$5,539,462.00 will be deposited in the Escrow Fund, to be established and held by the Fiscal Agent. Pursuant to the Fiscal Agent Agreement, the Fiscal Agent shall disburse amounts from the Escrow Fund to the Reserve Fund, the Improvement Fund, and, if applicable, the Bond Fund, upon

receipt of a certification from the City stating (i) the portion, if any, of the amount on deposit in the Escrow Fund to be used to redeem Bonds pursuant to the Fiscal Agent Agreement, which shall be an integral multiple of \$5,000, and (ii) that, taking into account any such redemption, the Release Requirements have been met. Upon receipt of such certification, the Fiscal Agent shall disburse the amount in the Escrow Fund as follows: (i) to the Bond Fund the amount, if any, described in the preceding clause (i), to be used to redeem Bonds on the next Interest Payment Date pursuant to the Fiscal Agent Agreement, (ii) to the Reserve Fund the amount necessary such that the amounts on deposit in the Reserve Fund is equal to the Reserve Requirement in effect following such release, and (iii) to the Improvement Fund, the balance of the amount on deposit in the Escrow Fund.

The term "Release Requirements" is defined in the Fiscal Agent Agreement as, collectively, (i) the completion of the Facilities, as evidenced by the issuance by the City of a certificate of occupancy or temporary certificate of occupancy with respect to the Facilities, and (ii) the District Value is at least three times the amount of the Debt Obligations.

The term "District Value" is defined in the Fiscal Agent Agreement as the market value, as of the date of value in the appraisal described below or the date of the most recent County real property tax roll, as applicable, of all parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, as determined with respect to any parcel or group of parcels by reference to (i) an appraisal that has a valuation date that is within the preceding three (3) months by an MAI appraiser selected by the City, or (ii), in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director of the City. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any appraiser pursuant to this definition.

The term "Debt Obligations" is defined in the Fiscal Agent Agreement as, collectively, (i) an amount equal to the principal amount of the Bonds then outstanding, less the principal amount of any Bonds to be redeemed from amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement, plus (ii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iii) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the "Other District Bonds") equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recently available Fiscal Year.

On and after April 15, 2008 (the "Initial Escrow Close Date"), the Fiscal Agent shall make no further disbursements from the Escrow Fund pursuant to the Fiscal Agent Agreement and on June 1, 2008 (the "Initial Escrow Redemption Date"), the Fiscal Agent shall transfer all amounts on deposit in the Escrow Fund to the Bond Fund, to be applied to the redemption of Bonds on the Initial Escrow Redemption Date, as provided in the Fiscal Agent Agreement.

Notwithstanding the foregoing, the Initial Escrow Close Date (and any Revised Escrow Close Date, as defined below and as established pursuant to the Fiscal Agent Agreement) and the Initial Escrow Redemption Date (and any Revised Escrow Redemption Date, as defined below and as established pursuant to the Fiscal Agent Agreement) may be extended from time to time upon receipt by the Fiscal

Agent, not later than one Business Day prior to the Initial Escrow Close Date (or, if extended as described in this paragraph, the then applicable Revised Escrow Close Date), of:

(i) a certificate from the City requesting such extension and stating (a) the new date after which amounts in the Escrow Fund will no longer be subject to disbursement pursuant to the Fiscal Agent Agreement (the "Revised Escrow Close Date"), which date shall be at least 45 days but not more than 90 days prior to the date such amounts are to be used to redeem Bonds as described in the following clause (b), and (b) the new date on which Bonds are to be subject to mandatory redemption from the amounts transferred from the Escrow Fund to the Bond Fund pursuant to the Fiscal Agent Agreement (the "Revised Escrow Redemption Date"), which date shall be an Interest Payment Date;

(ii) if the Revised Escrow Redemption Date is to be later than December 1, 2008, an opinion of Bond Counsel to the effect that the establishment of such new dates of transfer and redemption will not, in itself, impair any exclusion from gross income of interest on the Bonds for federal income tax purposes then in effect;

(iii) cash (which cash shall immediately be deposited by the Fiscal Agent in the Capitalized Interest Account) in an amount determined in writing by an Independent Financial Consultant, together with expected investment earnings thereon and on the amounts in the Escrow Fund (without regard to any disbursement from the Escrow Fund pursuant to the Fiscal Agent Agreement) at the rate of return on the Permitted Investment described in (iv) below, to be sufficient (together with amounts on hand in the Capitalized Interest Account, if any, not needed to pay interest on the Bonds on or prior to the Initial Escrow Close Date or, if applicable, the most recently established Revised Escrow Close Date), to pay interest and any scheduled principal due on the Bonds during the period from the Initial Escrow Close Date (or, if applicable, the most recently established Revised Escrow Close Date) to the then proposed Revised Escrow Redemption Date, accompanied by (a) such written determination by the Independent Financial Consultant, and (b) an opinion of counsel to the effect that such cash is not subject to recovery upon the commencement of bankruptcy proceedings with respect to any landowner within the District or any party related thereto or any guarantor of the obligations of any such landowner; and

(iv) a Permitted Investment or Permitted Investments which provides for the investment of amounts deposited thereunder from the Initial Escrow Close Date (or the most recent Revised Escrow Close Date, if applicable) to the then proposed Revised Escrow Redemption Date, for amounts in the Escrow Fund, and for the amount of cash referred to in the preceding clause (iii) to be deposited in the Capitalized Interest Account, which Permitted Investment or Permitted Investments will provide a fixed rate of return equal to or better than that assumed by the Independent Financial Consultant in its determination pursuant to the preceding clause (iii) above.

On or after any Revised Escrow Close Date (unless such date is further extended as permitted by the Fiscal Agent Agreement), the Fiscal Agent shall make no further disbursements from the Escrow Fund pursuant to the Fiscal Agent Agreement and, on such Revised Escrow Redemption Date the Fiscal Agent shall transfer all amounts on deposit in the Escrow Fund to the Bond Fund, to be applied to the redemption of Bonds on the Revised Escrow Redemption Date as provided in the Fiscal Agent Agreement. The Escrow Fund shall be closed when no funds remain therein.

#### **Payment of Interest on the Bonds Prior to Completion of the Facilities**

Prior to the completion of the Facilities, interest on the Bonds will be paid from (1) investment earnings on moneys deposited in the Escrow Fund and the Reserve Fund and (2) the Developer

Contribution held by the Fiscal Agent in the Capitalized Interest Account, together with any investment earnings on amounts on deposit in the Capitalized Interest Account. Moneys on deposit in the Escrow Fund, as well as moneys that comprise the Developer Contribution, are expected to be invested in the Investment Agreement, which satisfies the requirements for a Permitted Investment. See "THE INVESTMENT AGREEMENT PROVIDER."

The Developer Contribution will be in an amount that, when combined with the estimated investment earnings on the amounts in the Escrow Fund, will be sufficient to pay interest on the Bonds through December 1, 2008. See "ESTIMATED SOURCES AND USES OF PROCEEDS."

### **Covenant to Commence Superior Court Foreclosure for Delinquent Special Taxes**

Pursuant to the Law, the City has covenanted with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraphs. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such a judicial foreclosure sale is not mandatory under the Law. However, pursuant to the Fiscal Agent Agreement, the City has covenanted for the benefit of the Bondowners to do the following:

On or about June 2 and December 2 of each Fiscal Year, the City shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City, and, if the City determines that any parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes, then the City shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 90 days of such determination. Notwithstanding the foregoing, the City may defer such action if the amount in the Reserve Fund is at least to the Reserve Requirement.

### **THE INVESTMENT AGREEMENT PROVIDER**

*The information in this section concerning IXISFC and its affiliates has been obtained from sources that the City and the District believe to be reliable, but neither the City nor the District takes any responsibility for the accuracy thereof.*

IXIS Funding Corp., a New York corporation ("IXISFC"), is a wholly-owned subsidiary of IXIS Capital Markets North America Inc. ("IXIS Capital Markets"), which is a subsidiary of IXIS Corporate & Investment Bank ("IXIS CIB"), a limited liability company with executive and supervisory boards (société anonyme à Directoire et Conseil de Surveillance) governed by French law (as successor-in-interest to CDC Finance – CDC IXIS) (the "Guarantor"). IXISFC is a subsidiary of the Guarantor. IXISFC changed its name from CDC Funding Corp. in November 2004.

The obligations of IXISFC under the Investment Agreement are guaranteed by IXIS CIB. IXISFC has long-term debt ratings from Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), and Moody's Investors Service ("Moody's") of AAA and Aaa, respectively, and short-term debt ratings from Standard & Poor's and Moody's of A-1+ and P-1, respectively, with respect to its obligations that are entered into on or before January 23, 2007, with a scheduled maturity date on or before January 23, 2017, based upon a guarantee of its obligations by IXIS CIB with recourse to Caisse des Dépôts et Consignations (as described below). IXISFC has long-term debt ratings from Standard & Poor's and Moody's of AA and Aa2, respectively, with respect to its obligations that are entered into either (i) on or before January 23, 2007, with a scheduled maturity date



after January 23, 2017, or (ii) after January 23, 2007, regardless of the scheduled maturity date, based upon a guarantee of its obligations by IXIS CIB with no recourse to Caisse des Dépôts et Consignations. IXIS CIB has long-term debt ratings from Standard & Poor's, Moody's, and Fitch Ratings ("Fitch") of AAA, Aaa, and AAA, respectively, and short-term debt ratings from Standard & Poor's, Moody's, and Fitch of A-1+, P-1, and F1+, respectively, with respect to its obligations that have recourse to Caisse des Dépôts et Consignations. IXIS CIB has long-term debt ratings from Standard & Poor's, Moody's, and Fitch of AA, Aa2, and AA, respectively, with respect to its obligations that do not have recourse to Caisse des Dépôts et Consignations. IXIS CIB changed its name from CDC IXIS Capital Markets in November 2004.

IXIS CIB is a subsidiary of Caisse Nationale des Caisses d'Epargne et de Prévoyance ("CNCEP"), a French bank organized as a société anonyme à directoire et conseil de surveillance. CNCEP is a credit institution, licensed as a bank.

Caisse des Dépôts et Consignations is a special national legislative public entity of the Republic of France which operates under the supervision of an independent supervisory board composed of representatives of the French Parliament, magistrates, the director of the French Treasury, and the Governor of Banque de France, the French central bank.

IXIS Capital Markets will provide without charge a copy of the most recent publicly available annual report of IXIS Capital Markets, IXIS CIB, CNCEP, and Caisse des Dépôts et Consignations. Written requests should be directed to David L. Askren, Corporate Secretary, IXIS Capital Markets North America Inc., 9 West 57th Street, New York, New York 10019; telephone (212) 891-6152.

IXISFC has not participated in the preparation of this offering document and has not reviewed and is not responsible for any information contained herein, other than the information contained in the immediately preceding five paragraphs.

## **THE CITY**

The City is located approximately 12 miles northeast of downtown Los Angeles in the southeast section of the San Fernando Valley. The City was incorporated as a general law city on July 8, 1911, and adopted its city charter on January 13, 1927. The City's population as of January 1, 2005, was 106,739. The City provides its residents with electric, water, sewer, and refuse collection utilities, and operates its own police and fire departments. See "APPENDIX G – General and Economic Information Regarding the City of Burbank."

## **THE AGENCY**

The Agency was activated as a redevelopment agency by the City Council in 1970 pursuant to Ordinance No. 2269, adopted by the City Council in accordance with the Redevelopment Law. The members of the City Council serve as the governing body of the Agency and exercise all rights, powers, duties, and privileges of the Agency. The Mayor serves as Chair of the Agency. All powers of the Agency are vested in its members. Under the Redevelopment Law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. The Agency exercises all of the governmental functions authorized under the Redevelopment Law and has, among other powers, the authority to acquire, administer, develop, and sell or lease property, including the right to acquire property through the power of eminent domain, and the right to issue bonds and expend the proceeds. The Agency itself does not have the power to levy taxes. See "APPENDIX E – The Redevelopment Agency and the Redevelopment Project Areas."

## **THE DISTRICT**

### **General Information Regarding the District**

On October 25, 2005, the City Council adopted a resolution forming the District pursuant to the Law for the purpose of financing various public improvements in support of development in the District. Pursuant to a special election, qualified voters approved the levy of the Special Taxes in accordance with the Rate and Method of Apportionment to secure the payment of principal of and interest on the Bonds. See "APPENDIX C – Rate and Method of Apportionment of Special Tax."

The District is comprised of approximately 1.92 acres of land located in the City. Upon completion of the Development, the District is expected to include approximately 40,000 square feet of taxable Floor Area, which will be comprised of property developed for commercial use only and will not include any property that includes storage space and residential development. See "FACILITIES TO BE FINANCED WITH BOND PROCEEDS," "THE DEVELOPER AND THE DEVELOPMENT," "APPENDIX C – Rate and Method of Apportionment of Special Tax," and "APPENDIX J – Boundary Map of the District."

### **Ownership of District Property**

The property that comprises the District is currently owned by Burbank Entertainment Village. Burbank Entertainment Village has entered into that certain Purchase Contract, dated as of June 17, 2003, as amended by that certain First Amendment to Purchase Contract, dated as of April 27, 2004, as further amended by that certain Second Amendment to Purchase Contract, dated as of May 28, 2004, as further amended by that certain Third Amendment to Purchase Contract, dated as of December 2, 2004, as further amended by that certain Fourth Amendment to Purchase Contract, dated as of September 16, 2005, as further amended by certain letter agreements (collectively, the "Original Purchase and Sale Agreement"), each by and among Burbank Entertainment Village, Champion, and AMC. Champion has assigned its rights and obligations under the Original Purchase and Sale Agreement to the Developer, and the Developer has assumed such rights and obligations, pursuant to that certain Assignment and Assumption Agreement, dated as of November 28, 2005, by and between Champion and the Developer (the "Purchase and Sale Assignment Agreement"). Pursuant to the Original Purchase and Sale Agreement, as modified by the Purchase and Sale Assignment Agreement, Burbank Entertainment Village has agreed to sell the District property to the Developer pursuant to the terms set forth therein, which sale is a condition to the sale and delivery of the Bonds. See "THE DEVELOPER AND THE DEVELOPMENT – The Developer."

### **Appraised Value; Value-to-Lien Ratio**

An appraisal, dated as of July 15, 2005, as supplemented by the updated appraisal report, dated October 20, 2005 (collectively, the "Appraisal"), the text of which is set forth as Appendix D, has been prepared by BTI Appraisal, Los Angeles, California (the "Appraiser"). The Appraisal provides an estimation of value of certain property within the District (the "Appraised Property") and the entitlements thereto. The Appraiser has estimated that, as of October 15, 2005, (i) the value of the portion of the Appraised Property to be allocated to the Commercial Component, which portion shall be subject to the Special Taxes, if levied (the "Appraised Taxable Property"), was \$3,422,000, and (ii) the value of the additional public parking spaces in the Facilities to be owned by the City but to be made available to the Commercial Component (the "Additional Commercial Parking Spaces") was \$500,000. The foregoing estimates of value were made on the basis of the assumptions and limiting conditions contained in the Appraisal. See "APPENDIX D – Appraisal." See also "RISK FACTORS – Property Values."

The principal of the Bonds is \$6,155,000. Upon the issuance of the Bonds, \$5,539,462.00 of the proceeds thereof will be deposited into the Escrow Fund. (See "ESTIMATED SOURCES AND USES

OF PROCEEDS.”) The ratio of the appraised value of the Appraised Taxable Property and the Additional Commercial Parking Spaces to the portion of the principal of the Bonds that will not be deposited into the Escrow Fund at closing and the applicable direct and overlapping debt is approximately 4.04:1. See “– Direct and Overlapping Debt; Overall Value-to-Lien Ratio” below and “RISK FACTORS – Property Values.”

### Direct and Overlapping Debt; Overall Value-to-Lien Ratio

The following table details the direct and overlapping debt currently encumbering the property within the District and the related value-to-lien ratios.

**Table 3**  
**Direct and Overlapping Debt Summary and**  
**Overall Value-to-Lien Analysis**

	Fiscal Year 2005-06 Total Levy <sup>(1)</sup>	Amount of Levy on Parcel in District	Percent of Levy on Parcel in District	Total Debt Outstanding <sup>(3)</sup>	District Share of Total Debt Outstanding
<b>Overlapping District</b>					
County of Los Angeles – Detention Facilities Debt Service Fund	\$5,608,734	\$38 <sup>(2)</sup>	0.0007%	\$16,205,000	\$111
Burbank Unified Schools	5,792,817	2,403 <sup>(2)</sup>	0.0415	100,209,996	41,572
Flood Control – Storm Drain Sanitation District #4	346,078	2 <sup>(2)</sup>	0.0007	2,265,000	16
Metropolitan Water District	104,530,707	251 <sup>(2)</sup>	0.0002	418,190,000	1,006
Burbank Community Facilities District No. 1991-1	243,844	177,128	72.6400	430,000	312,352
		Estimated Share of Overlapping Debt Allocable to the District			\$355,056
		Plus Community Facilities District No. 2005-1 Bonds <sup>(4)</sup>			615,538
		Estimated Share of Direct and Overlapping Debt Allocable to the District			\$970,594
				Appraised Value <sup>(5)</sup> :	\$3,922,000
				Value-to-lien ratio:	4.041:1

(1) Based on discussions with the County.

(2) Actual Fiscal Year 2005-06 *ad valorem* rates based on discussions with the County.

(3) As of September 2, 2005.

(4) Represents proceeds of the Bonds that will not be deposited into the Escrow Fund at closing.

(5) Date of value is October 15, 2005, pursuant to the Appraisal.

Source: Special Tax Consultant.

### FACILITIES TO BE FINANCED WITH BOND PROCEEDS

A portion of the proceeds from the sale of the Bonds will be deposited in the Escrow Fund. Funds on deposit in the Escrow Fund are expected to be transferred to the Improvement Fund, the Reserve Fund, and, if necessary, the Bond Fund, and to be used to pay costs associated with the construction of the Facilities, upon satisfaction of the Release Requirements in accordance with the terms of the Fiscal Agent Agreement, or to redeem Bonds if such Release Requirements are not satisfied and such redemption is required under the Fiscal Agent Agreement. See “SECURITY FOR THE BONDS – Escrow Fund.”

### Description of Facilities

The Facilities will comprise the public portion of a parking structure that will include a total of approximately 723 parking spaces (the “Parking Structure”). Pursuant to the OPA, the Developer has agreed to construct the Parking Structure to serve the Development. The Parking Structure will be legally subdivided into three parcels, while still comprising one physical structure: (1) a residential parcel comprised of approximately 236 parking spaces, which will serve the Residential Component, (2) a commercial parcel comprised of approximately 209 parking spaces, which will serve the tenants and patrons of the Commercial Component (as defined herein), and (3) the Facilities, which will constitute a parcel comprised of approximately 278 parking spaces that will be transferred to the City in accordance with the terms of the OPA and made available for use by the public. See “THE DEVELOPER AND THE DEVELOPMENT – Description of the Development.”

The Developer has estimated the total cost expected to be incurred to construct the Parking Structure to be approximately \$30,700,000 of which approximately \$11,800,000 is attributable to the construction of the Facilities. Upon satisfaction of the Release Requirements, it is estimated that approximately \$5,000,000 in Bond proceeds will be transferred from the Escrow Fund to the Improvement Fund and made available to the Developer to pay costs associated with the construction of the Facilities; provided, however, that a portion of such proceeds may be used to redeem Bonds in accordance with the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – Escrow Fund."

The construction budget for the Parking Structure, including information regarding expenditures through November 15, 2005, is set forth below:

**Table 4**  
**Construction Budget for Parking Structure**  
**(Including Facilities)**

<u>Description of Cost Item</u>	<u>Estimated Cost</u>	<u>Expenditures as of November 15, 2005</u>
Land Acquisition Cost	\$1,317,877	\$37,084
Offsite and Common Area Costs	230,512	589
Hard Costs	22,675,111	0
Architecture and Engineering	887,846	484,696
Fees and Permits	324,190	27,596
Insurance	368,666	0
Legal and Accounting	41,948	8,494
Pre-Development Expenses	108,499	107,595
Third Party Construction Management	194,032	17,303
Testing and Inspections	193,777	0
Miscellaneous Project Expense	203,993	14,618
Property Taxes	180,908	20,746
Developer Project Management Fee	762,285	0
Construction Interest and Financing Expense	3,250,040	98,657
<b>Total Costs <sup>(1)</sup></b>	<b>\$30,739,685</b>	<b>\$817,378</b>

(1) Totals may not add due to rounding.  
Source: Developer.

### **Status and Schedule for Completion of the Facilities**

Grading for the Parking Structure (which includes the Facilities) is expected to be completed in the first quarter of 2006, and construction of the Parking Structure is expected to be completed by the third quarter of 2007.

### **Acquisition Agreement**

The City and the Developer have entered into an Acquisition Agreement, dated as of February 1, 2006 (the "Acquisition Agreement"), which provides, among other things, that the Developer will construct the Facilities pursuant to certain requirements contained in the Development Agreement, the OPA, and the Acquisition Agreement, and which provides guidelines pursuant to which the City may acquire the Facilities with the proceeds of the Bonds. Pursuant to the Acquisition Agreement, any costs of the Facilities not covered by the proceeds of the Bonds will be paid or caused to be paid by the Developer or its successors.

## THE DEVELOPER AND THE DEVELOPMENT

*The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the Bonds and the District. No assurance can be given, however, that the Developer, any of its affiliates, or any property owner within the District described herein will or will not retain ownership of any of the property within the District, or that the District property will continue to be owned or be developed and operated in the manner described herein. Neither the Special Taxes nor the Tax Increment Revenues are personal obligations of the Developer, any of its affiliates, or any property owner within the District. The Bonds are secured solely by the Tax Increment Revenues, the Special Taxes (if required to be levied), and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. See "RISK FACTORS" for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the Bonds.*

### The Developer

**Description of Developer.** The Developer is a California limited partnership, which was formed on May 23, 2005, to own and develop the property in the District. The general partner of the Developer is Burbank Delaware GP Corp., Inc., a Delaware corporation ("Burbank Delaware"). All of the stock of Burbank Delaware is owned by the Robert and Marjorie Champion Trust under declaration of trust dated May 14, 1990 (the "Robert and Marjorie Champion Trust").

**Experience of Developer.** The Developer, Burbank Delaware, and the Robert and Marjorie Champion Trust are operated and managed primarily by Robert Champion, founder and president of Champion Enterprises, Inc., a Nevada corporation, doing business as Champion Development Group (together with various affiliates owned at least in part, and controlled by, Robert Champion, "Champion Development"). Champion Development was founded in 1987 by its president, Robert Champion. Together with its affiliates and partners, Champion Development specializes in commercial urban infill development projects throughout southern California. Between 1987 and 1992, in partnership with Long Beach Bank, Champion Development, together with its affiliates, developed approximately 30 shopping centers throughout southern California. In 1992, in partnership with SunAmerica and the City of Monterey Park, Champion Development developed the Atlantic Square Shopping Center, which was honored that year as one of the best public-private ventures in the nation by the National Association of Housing and Redevelopment Officials. From 1992 to 1994, Champion Development was hired by various national lenders, including Chase Manhattan Bank, to reposition and sell several major shopping centers, including the Terraces Community Shopping Center in the City of Palos Verdes, the Hermosa Pavilions Entertainment Center in the City of Hermosa Beach, and Mountaingate Plaza in the City of Simi Valley. Since 1995, Champion Development has developed several multilevel retail stores in the southern California area, including the two-story Orchard Supply Hardware located in Los Angeles County near the City of Glendale (which has since been sold), an Orchard Supply Hardware located the City of Thousand Oaks, and the two-story Ross "Dress for Less" store, located in the City of Pasadena. In 1997, Champion Development completed the multi-leveled One Westside Shopping Center in the City of Los Angeles, which shopping center is valued at approximately \$50 million and which project won the "Maxi" award for design from the International Council of Shopping Centers.

**Recently Completed or Current Projects.** Champion Development and its affiliates recently completed or are in the process of developing the following development projects in the southern California area:

**Table 5**  
**Recent Champion Development Projects**

<u>Name of Project</u>	<u>Location</u>	<u>Description of Project</u>	<u>Approximate Completion Date</u>
Gas Lamp City Square (Phase I and Phase II)	City of San Diego	Mixed use development, including approximately 65,000 square feet of retail space, 223 condominiums, and a 580-stall parking structure.	November 2004 (for Phase I; Phase II to follow)
Pasadena Collection	City of Pasadena	Mixed use development, including approximately 20,000 square feet of retail space, 38 New York-style residential lofts, 72 condominiums, approximately 18,000 square feet of office space, and a 350-stall public parking structure.	May 2004
Samuel Fox Building	City of San Diego	Conversion of historic office building into approximately 7,300 square feet of retail space and 22 luxury lofts.	April 2006
Colonel Fletcher Building	City of San Diego	Conversion of historic office building into approximately 7,500 square feet of retail space, 21 residential lofts, and a parking structure.	December 2006
The Milan	City of Pasadena	Mixed use urban infill project, including approximately 7,000 square feet of retail space and 54 European-style residential lofts.	August 2007

Source: Developer.

### **Description of the Development**

The Development, called “The Collection at Downtown Burbank,” is a mixed use project to be constructed on the approximately 1.92 acres of property in the City comprising the District. When completed, the Development is expected to include the Residential Component, which will include approximately 118 condominiums (including rights to the exclusive use of 236 parking spaces in the Parking Structure allocated to such condominiums), the Commercial Component, which is expected to include approximately 41,700 gross square feet of non-residential restaurant and retail space (including rights to use the 209 parking spaces in the Parking Structure allocated to such commercial space) and approximately 7,600 square feet of storage space, and the Parking Structure. The Developer currently plans to (1) sell the residential units (and rights to the parking spaces allocated thereto) located in the Residential Component to individual third-party residential owners and subsequently transfer the common space located in the Residential Component, including the 236 parking spaces in the Parking Structure, to a third-party residential owners’ association, (2) transfer the Facilities to the City, and (3) hold the remainder of the Commercial Component (including the rights to the parking spaces allocated thereto) for long-term investment. Only the retail and restaurant space within the District are expected to be subject to the levy of Special Taxes.

The Development is the second phase of a two-phase, mixed use development. The first phase of such development (*i.e.*, the Phase One Development) is located adjacent to the Development and was completed in 2003 by AMC. The Phase One Development includes approximately 35,000 square feet of developed retail space, anchored by an approximately 87,000 square foot, 16-screen, 4,200-seat AMC cinema, and a 250-stall parking structure. The Tax Increment Site includes the site of the Development and the Phase One Development.

### **The Development Plan**

***Residential Component.*** The Residential Component is expected to include approximately 118 condominium units, to be constructed in accordance with the terms of the OPA and the Development Agreement. Pursuant to the OPA, the Developer has agreed to sell at least 15 of the approximately 118 condominiums in the Residential Component to moderate income households as described therein.

The Developer plans to commence construction of the Residential Component in the fourth quarter of 2007, and expects such construction to be completed in the second quarter of 2008. The Residential Component will be located above the Commercial Component and constructed in one

construction phase, and will consist of both loft-style and apartment-style condominiums based on two basic model types, ranging from one to two stories, with one bedroom to three plus bedroom units. Such residential units will range in size from approximately 630 to 2,240 square feet, and will be priced at approximately (a) \$165,000 for the affordable units and (b) \$400,000 to \$1,100,000 for the remainder of the condominiums.

The Residential Component is not expected to be subject to the Special Tax. Pursuant to the Rate and Method of Apportionment, upon the issuance of a building permit for the Residential Component, up to 118 residential units within such Residential Component shall be released from the obligation to pay the Special Tax; provided, however, that any units within the Residential Component in excess of such 118 units shall be subject to the levy of the Special Tax.

**Commercial Component.** The Commercial Component is expected to include approximately 41,700 gross square feet of restaurant and retail space (including rights to approximately 209 parking spaces in the Parking Structure) and approximately 7,600 square feet of storage space to be constructed in accordance with the terms of the OPA and the Development Agreement and located within the Parking Structure. The Commercial Component is the only portion of the Development upon which the Special Taxes are anticipated to be levied, exclusive of the storage spaces, if necessary. See "SECURITY FOR THE BONDS – Pledge of Special Taxes."

The Developer plans to commence construction of the Commercial Component in the second quarter of 2007, and expects to complete such construction in the third quarter of 2007. The Commercial Component will be constructed in one construction phase, but will be comprised of three legal parcels, each of which is expected to be owned by the Developer; provided, however, that there is no restriction preventing such parcels from being owned by separate owners in the future.

As of the date of this Official Statement, the Developer has not leased any of the leasable space in the Commercial Component. However, the Developer has received letters of intent from, and is in the process of negotiating leases with, the prospective tenants listed in the following table. **It should be noted, however, that no binding agreements have been executed between the Developer and any of the prospective tenants listed in the following table, and no assurance can be given that any of such prospective tenants will lease any space within the Development.**

**Table 6**  
**Prospective Leases for Commercial Component**

<u>Name of Prospective Lessee</u>	<u>Approximate Size/Use of Proposed Leased Premises</u>
Johnny Rockets	1,450 square feet of restaurant space
Color Me Mine	1,400 square feet of retail space
La Goccia	1,400 square feet of restaurant space
Skechers USA, Inc.	2,000 square feet of retail space
So Good Jewelry	1,450 square feet of retail space
Urban Home	14,250 square feet of retail space

Source: Developer.

**Parking Structure.** The Development is expected to include the approximately 324,190 square foot Parking Structure, which will be comprised of approximately 723 parking spaces that the Developer has agreed, pursuant to the OPA, to construct to serve the Development, and approximately 7,600 square feet of storage space. Pursuant to the OPA, the Parking Structure will be legally subdivided into three parcels, while still comprising one physical structure: (1) a residential parcel comprised of approximately 236 parking spaces, which will serve the Residential Component, (2) a commercial parcel comprised of approximately 209 parking spaces, which will serve the tenants and patrons of the Commercial Component, and (3) the Facilities, which will constitute a parcel comprised of approximately 278 parking

spaces that will be transferred to the City in accordance with the terms of the OPA and made available for use by the public. The Developer plans to commence construction of the Parking Structure in the first quarter of 2006, and expects to complete such construction in the third quarter of 2007. See "FACILITIES TO BE FINANCED WITH BOND PROCEEDS – Description of Facilities."

### **The Financing Plan**

The Developer has estimated that the total cost of constructing the Development will be approximately \$83,000,000. As of the date of this Official Statement, the Developer has received approximately \$7,700,000 in equity contributions from its limited partners to apply to the total construction costs of the Development. The Developer anticipates that the balance of the total cost of constructing the Development will be funded as follows: (i) approximately \$1,700,000 in additional equity contributions is expected from the Developer's limited partners (bringing the total equity contributions from such limited partners to approximately \$9,400,000) and (ii) a construction loan in the approximate amount of \$73,600,000 will be provided by Wachovia Bank, National Association (the "Wachovia Loan"). The Wachovia Loan has not yet closed and funded as of the date of this Official Statement. The Wachovia Loan is required to close prior to the issuance of the Bonds; provided, however, that the issuance of the Bonds and the funding of the Developer's equity contributions, in addition to other negotiated conditions precedent, must occur or be satisfied before any advances may be made on the Wachovia Loan. The Developer currently anticipates that such conditions precedent will be satisfied by the second quarter of 2006.

The following table details the construction budget for the Development, including the expenditures that the Developer has incurred through November 15, 2005. Such budget has been prepared based upon assumptions of development and operating costs, property taxes, public facilities financing, availability of funding sources, and other matters. There can be no assurance that the funding sources described above will be sufficient to complete the Development, or that the actual costs of the Development will not be greater than projected or occur sooner than projected.

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**Table 7**  
**Construction Budget and Expenditures for Development**  
**(Including Facilities)**

Description of Cost Item	Estimated Project Costs				Expenditures as of November 15, 2005			
	Parking	Commercial Component	Residential Component	Total Project Costs	Parking	Commercial Component	Residential Component	Total Project Costs
Land Acquisition Cost	\$1,317,877	\$421,002	\$1,819,120	\$3,558,000	\$37,084	\$12,128	\$50,788	\$100,000
Offsite and Common Area Costs	230,512	113,986	545,502	890,000	589	436	1,976	3,000
Hard Costs	22,675,111	4,648,551	26,874,635	54,198,297	0	0	0	0
Tenant Improvements	0	1,575,940	0	1,575,940	0	0	0	0
Architecture and Engineering	887,846	371,406	1,510,748	2,770,000	484,696	202,599	823,001	1,510,296
Fees and Permits	324,190	333,344	1,344,128	2,001,662	27,596	28,376	114,417	170,389
Insurance	368,666	53,375	2,086,913	2,508,954	0	0	0	0
Marketing and Community Relations	0	104,170	1,235,000	1,339,170	0	0	60,147	60,147
Leasing Commissions and Costs	0	480,984	0	480,984	0	0	0	0
Legal and Accounting	41,948	91,772	200,216	333,937	8,494	18,781	40,909	68,184
Pre-Development Expenses	108,499	30,024	129,883	268,406	107,595	30,563	130,248	268,406
Third Party Construction Management	194,032	101,791	232,275	528,098	17,303	9,688	20,946	47,938
Testing and Inspections	193,777	53,622	231,969	479,368	0	0	0	0
Miscellaneous Project Expense	203,993	108,156	465,925	778,074	14,618	7,875	31,464	53,958
Property Taxes	180,908	50,061	216,564	447,533	20,746	5,893	25,114	51,752
Developer Project Management Fee	762,285	243,515	1,052,213	2,058,013	0	0	0	0
Construction Interest and Financing Expense	<u>3,250,040</u>	<u>1,038,241</u>	<u>4,486,164</u>	<u>8,774,445</u>	<u>98,657</u>	<u>32,265</u>	<u>135,113</u>	<u>266,034</u>
<b>Total Project Costs <sup>(1)</sup></b>	<b>\$30,739,685</b>	<b>\$9,819,941 <sup>(2)</sup></b>	<b>\$42,431,255</b>	<b>\$82,990,881</b>	<b>\$817,378</b>	<b>\$348,603</b>	<b>\$1,434,124</b>	<b>\$2,600,105</b>

(1) Totals may not add due to rounding.

(2) The Developer expects that, upon completion, the value of the Commercial Component, including all revenues generated thereby, will be sufficient to allow the release of all escrowed Bond proceeds then on deposit in the Escrow Fund.

Source: Developer.

## **The Development Agreement**

Pursuant to California Government Code Section 65864 *et seq.* and Sections 31-19118 *et seq.* of the Burbank Municipal Code, the City and Champion entered into the Development Agreement Between the City of Burbank and Champion Realty, Ltd. (Planned Development No. 2003-2), dated January 19, 2005, as assigned to the Developer by the Assignment Agreement (collectively, the "Development Agreement"). The Development Agreement establishes certain rights and obligations of the parties thereto with respect to the Development and establishes certain land use approvals and conditions related to the Development, including, but not limited to: (1) a zone change for the Development that permits the construction of approximately 118 condominium units, a maximum of 50,000 square feet of restaurant, retail, and storage space, of which at least 60% must be retail space, and a parking structure consisting of approximately 723 parking spaces to serve the Development as described in this Official Statement, and (2) the imposition of certain conditions that must be met by the Developer, including requirements concerning compliance with federal, state, and local laws with respect to land use, planning, and design. Subject to the terms and conditions contained therein, the Development Agreement provides the Developer with the vested right to develop the Development as planned. See " – The Development Plan" above.

## **RISK FACTORS**

*Investment in the Bonds involves risks which may not be appropriate for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the Bonds for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

### **Failure to Develop Property**

The construction of the Development and the Facilities has not yet been completed and there are still land development activities occurring within the District. See "FACILITIES TO BE FINANCED WITH BOND PROCEEDS" and "THE DEVELOPER AND THE DEVELOPMENT." Land development operations, including construction of the Development by the Developer or its affiliates, are subject to comprehensive federal, State, and local regulations, as well as general and local economic conditions. Approval is required from various agencies in connection with the layout and design of the Development, the nature and extent of the planned improvements, construction activity, land use, zoning and health requirements, as well as numerous other matters. It is possible that such approvals will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy any such governmental requirements could adversely affect the Development. In addition, there is a risk that future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within the District, will be enacted, and a risk that future land use initiatives approved by the voters in the City or the State could add more restrictions and requirements on development within the District. See "THE DEVELOPER AND THE DEVELOPMENT – The Development Plan."

### **Risks Related to the Financing of the Development**

As described under the heading "THE DEVELOPER AND THE DEVELOPMENT – The Financing Plan," a primary source of financing for the Development is expected to be the Wachovia Loan. While the Wachovia Loan is expected to close prior to the issuance of the Bonds, the funding of the Wachovia Loan is subject to various conditions precedent. The Developer anticipates that such

conditions precedent will be satisfied by the second quarter of 2006. Failure to satisfy the conditions to funding of the Wachovia Loan could result in a failure to timely complete the Development, and, possibly, an inability to satisfy the Release Requirements resulting in a redemption of Bonds. See “SECURITY FOR THE BONDS – Escrow Fund” and “THE BONDS – Redemption Provisions – Mandatory Redemption From Escrow Fund Transfer” herein.

### **Property Values**

The value of property within the District is an important factor in determining the investment quality of the Bonds. If Tax Increment Revenues are insufficient to pay all of the debt services with respect to the Bonds, and a property owner is delinquent in the payment of Special Taxes, the City’s only remedy is to commence foreclosure proceedings in an attempt to obtain funds to pay the Special Taxes. Reductions in land values due to a downturn in the economy, physical events such as earthquakes or floods, or stricter land use regulations or other events could therefore adversely impact the security underlying the Bonds. Furthermore, the appraised values described herein may not accurately estimate existing fair market values, or values realizable on foreclosure. Prospective purchasers of the Bonds should not assume that the property within the District could be sold for the appraised values described herein at a foreclosure sale. See “THE DISTRICT – Appraised Value; Value-to-Lien Ratio.”

### **Concentration of Ownership**

All of the property within the District is currently owned by Burbank Entertainment Village. On or before the date the Bonds are issued, the property within the District will be sold and transferred to the Developer. See “THE DISTRICT – Ownership of District Property.” In the event that Tax Increment Revenues are insufficient to pay all of the debt service due with respect to the Bonds, the timely payment of the principal of and interest on the Bonds will depend upon the willingness and ability of the landowners in the District to pay the Special Taxes when due. Conditions may affect the willingness of the current landowner, or any successor landowners, to pay Special Taxes, and there is no assurance that the current landowner, or any successor landowners, will pay such Special Taxes even if financially able to do so. Due to the concentration of ownership of the property within the District, a failure by the landowner to pay Special Tax installments may result in a default in the payment of debt service on the Bonds. No assurance can be given that the Developer or other taxpayers within the District, if any, will continue to pay the Special Taxes levied on their property in the future or that they will be able to pay such Special Taxes on a timely basis.

### **Reduction of Tax Increment Revenues**

The Tax Increment Revenues constitute security for the Bonds. Tax Increment Revenues are determined by the amount of incremental assessed value of property in the Tax Increment Site, the current rate or rates at which property in the Tax Increment Site is taxed, and the percentage of taxes collected in the Tax Increment Site.

Several types of events beyond the control of the City or the Agency could occur and cause a reduction in available Tax Increment Revenues that secure the Bonds, including, among others, the following: (i) a reduction of taxable values of property in the Tax Increment Site caused by local or regional economic factors; (ii) a relocation out of the Tax Increment Site by one or more major property owners; (iii) successful appeals by property owners for a reduction in a property’s assessed value; (iv) a reduction of the general inflationary rate; or (v) the destruction of property caused by natural or other disasters. This risk increases in proportion to the percent of total assessed value attributable to any single property owner in the Tax Increment Site.

## **Estimates of Tax Increment Revenues**

To estimate the total revenues available to pay the Pro Rata Payments, the Agency has made certain assumptions with regard to the assessed valuation in the Tax Increment Site, future tax rates, percentage of taxes collected, and the availability of tax increment within the City Centre Redevelopment Project Area to pay all Agency obligations senior to the Note. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates, the percentage of taxes collected, and the amount of tax increment within the City Centre Redevelopment Project Area available to pay all Agency obligations senior to the Note are less than the Agency's assumptions, the total revenues available for the Pro Rata Payments may be less than those projected in this Official Statement and Special Taxes may have to be levied on the District property.

As noted below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such adjustments are computed on a calendar year basis. In projecting future Tax Increment Revenues, the Agency has assumed the two percent (2%) inflationary increases. See "SECURITY FOR THE BONDS – Pledge of Tax Increment Revenues – Tax Increment Revenue Projections," "APPENDIX E – The Redevelopment Agency and the Redevelopment Project Areas," and "APPENDIX F – The Fiscal Consultant's Report."

## **Payment and Collection of Special Taxes**

Unpaid Special Taxes do not constitute a personal indebtedness of the landowners within the District. Moreover, no landowner within the District has made a commitment to pay the principal of or interest on the Bonds or to support the payment of the Bonds in any manner. There is no assurance that the Developer or any future landowners within the District have or will have the ability to pay the Special Taxes if and when due or that, even if such entity has such ability, it will choose to pay such Special Taxes. If Special Taxes are levied in the event Tax Increment Revenues are insufficient to pay all of the debt service due with respect to the Bonds, a landowner within the District may elect to not pay such Special Taxes when due and cannot be legally compelled to do so. If a property owner within the District decides that it is not economically feasible to continue owning its District property, such landowner may choose to not pay such Special Taxes and to allow the property to be foreclosed. Such a choice may be made due to a variety of reasons, including, but not limited to, a decrease in the market value of the property. A foreclosure of the property will result in such landowner's interest in the property being transferred to another party. Neither the City nor any Bondowner will have the ability at any time to seek payment from the landowners within the District of any Special Taxes or the principal or interest due with respect to the Bonds, or the ability to control who becomes a subsequent owner of any property within the District. See "Bankruptcy and Foreclosure" below.

The Law provides that if any property within the District not otherwise exempt from the Special Taxes is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Law provides that if property subject to the Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Taxes with respect to that property is to be treated as if it were a special assessment and paid from the eminent domain award. The constitutionality and operative effect of these provisions of the Law have not been tested in the courts. If for any reason property subject to the Special Taxes becomes exempt from taxation by reason of ownership by the federal government, subject to the limitation of the maximum authorized Special Taxes, the Special Taxes will be reallocated to the remaining taxable properties within the District, depending on where such property is located. This would result in the owners of such properties paying a greater amount of the Special Taxes levied and could have an adverse effect on the timely payment of the Special

Taxes, if levied. Moreover, if a substantial portion of land within the District becomes exempt from the Special Taxes because of public ownership, or otherwise, the maximum Special Taxes which could be levied upon the remaining land might not be sufficient, if required, to make the payments required to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

### **Federal Government Interests in Properties**

The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has an interest. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure, or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Law and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity.

According to the County Assessor's tax roll, as of November 1, 2005, the FDIC did not own any property in the District. The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment on the Bonds.

### **Bankruptcy and Foreclosure**

The City has covenanted to commence judicial foreclosure proceedings for delinquent Special Taxes. See "SECURITY FOR THE BONDS – Covenant to Commence Superior Court Foreclosure for Delinquent Special Taxes." However, the ability of the City to foreclose the lien of a delinquent Special Tax payment may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights

or by State law relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed due to lengthy local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally. Although bankruptcy would not cause the Special Tax lien to become extinguished, bankruptcy of a property owner, or anyone else who claims an interest in the property, could result in a delay in prosecuting superior court foreclosure proceedings and could result in delinquent Special Taxes not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. The court upheld the priority of unpaid taxes imposed after the filing of the bankruptcy petition as "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all of the proceeds of the sale except the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, assuming that the debtor has sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time become subject to current *ad valorem* taxes.

*Glasply* is controlling precedent on bankruptcy courts in the State. Pursuant to statute, the lien date for general *ad valorem* property taxes levied in the State is the January 1 preceding the fiscal year for which the taxes are levied. Therefore, under *Glasply*, a bankruptcy petition filing would prevent the lien for general *ad valorem* property taxes levied in subsequent fiscal years from attaching so long as the property was a part of the estate in bankruptcy. Pursuant to Section 14-2028(F) of the Law, the lien of a special tax, unlike the lien for general *ad valorem* property taxes, attaches upon recordation of the notice of the special tax lien as provided for under the Law. The Notice of Special Tax Lien was recorded in the Official Records of the County. Thus, before applying *Glasply* to a bankruptcy situation involving special taxes rather than general *ad valorem* property taxes, a court would need to consider the differences in the statutory provisions for creation of the applicable tax lien. If a court were to apply *Glasply* to eliminate the priority as a secured claim of the special tax lien with respect to post petition levies of the Special Tax as against property owners within the District who file for bankruptcy, collections of the Special Tax from such property owners could be reduced.

### **Limited Secondary Market**

No application has been made for a credit rating for the Bonds, and it is not known whether a rating for the Bonds could be secured either now or in the future. There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds and, from time to time, there may be no market for the Bonds, depending upon prevailing market conditions and the financial condition or market position of firms who may comprise the secondary market.

Although the City, the Agency, and the Developer have each covenanted to provide continuing secondary market disclosure, including certain financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See "CONTINUING DISCLOSURE." The failure to provide the required annual disclosure information does not give rise to

monetary damages, but merely an action for specific performance. Occasionally, because of general market conditions, a lack of current information, the absence of a credit rating, or the existence of an adverse history or adverse economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, secondary market prices for issues depend upon the then-prevailing circumstances. Such prices could be substantially different from the original purchase price of the issue.

### **No Acceleration; Loss of Tax Exemption**

The Fiscal Agent Agreement does not contain a provision providing for the acceleration of the payment of the principal of or interest on the Bonds in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Moreover, as discussed in this Official Statement under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Fiscal Agent Agreement.

### **Levy and Collection of Taxes**

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Increment Revenues and, accordingly, could have an adverse impact on the ability of the Agency to pay the Pro Rata Payments under the Note.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Tax Increment Site, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency's ability to collect Tax Increment Revenues, which could in turn adversely affect the Agency's ability to make the Pro Rata Payments under the Note.

### **Changes in Redevelopment Law**

For Fiscal Years 1992-93, 1993-94, 1994-95, 2002-03, 2004-05, and 2005-06, redevelopment agencies, including the Agency, were required to pay a portion of their revenues into the Education Revenue Augmentation Fund ("ERAF"). See "State Budget Deficits" below. There is no assurance that, in addition to these and other limitations on tax revenues described under "Constitutional Limitations on Taxation and Appropriations" below, the California electorate or Legislature will not adopt a constitutional or legislative property tax decrease with the effect of reducing tax increment revenues payable to the Agency, which could reduce the available Tax Increment Revenues and thereby adversely affect the security of the Bonds.

### **State Budget Deficits**

In approving recent budgets, the State Legislature has enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each redevelopment agency's tax increment, net of amounts due to other taxing agencies, to school districts for such Fiscal Years for deposit in ERAF. The amount required to be paid by a redevelopment agency was apportioned among all of the redevelopment agency's project areas collectively, rather than allocated to particular project areas.

In approving the budget for Fiscal Year 2003-04, the Legislature fixed the aggregate ERAF transfer for the year at \$135 million, of which the Agency paid approximately \$1,343,094 as its allocated share. In connection with its approval of the budget for Fiscal Year 2004-05, the Legislature fixed the ERAF transfer at \$250 million each for Fiscal Year 2004-05 and 2005-06. The Agency's Fiscal Year 2004-05 share is approximately \$2,477,103. The Legislature also authorized redevelopment agencies to extend the effective dates of their redevelopment plans. In addition, the amounts paid into ERAF are deducted from the cumulative tax increment revenue receipts applied to the tax increment cap. ERAF transfers can be made from any legally available moneys of the Agency. The Agency has represented that the City Centre Redevelopment Project Area's ERAF obligation for fiscal year 2005-06 will be fully funded from the West Olive Redevelopment Project and, therefore, no ERAF payments were deducted from the Tax Increment Revenue projections contained herein.

The State's projected budget deficits continue to be substantial and may lead to subsequent ERAF transfers or other actions which might reduce the Agency's available Tax Increment Revenues and the Agency's ability to make the Pro Rata Payments under the Note. Prospective purchasers of the Bonds may wish to review information presented by the State at [www.dof.ca.gov](http://www.dof.ca.gov) (maintained by the State Department of Finance) and [www.lao.ca.gov](http://www.lao.ca.gov) (analysis by the State Office of the Legislative Analyst). *The foregoing internet addresses are included for reference only and the information on the internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or integrity of the information on such internet sites.* The Agency does not prepare such information and cannot assume any responsibility for its accuracy, completeness or timeliness (or the continued accuracy of internet address information). Whether or not this information is accurate, complete, or timely, prospective purchasers of the Bonds should observe that the posting or release of such information may change the perceived outlook for the Agency's continued receipt of Tax Increment Revenues and thus the market price for the Bonds.

The State's budget deficit has yet to be resolved and litigation is pending to challenge some of the measures already taken to reduce the deficit. Future legislation, litigation, and other measures affecting the Agency's receipt of Tax Increment Revenues in connection with the State budget situation cannot be predicted and may materially and adversely affect the Agency's ongoing ability to pay the Pro Rata Payments.

### **Tax Increment Cap**

The Agency's ability to collect tax increment is limited not only by the time limits on the repayment of debt, but also by the cap on total tax increment to be received from the City Centre Redevelopment Project Area. The cumulative tax increment that the Agency may receive from the City Centre Project Area is capped at \$3,106,962,907. The total amount of tax increment received by the Agency through fiscal year ending June 30, 2005, is \$86,074,888.

### **Constitutional Limitations on Taxation and Appropriations**

**Article XIII A.** On June 6, 1978, California voters approved an amendment (commonly known as "Proposition 13" or the "Jarvis-Gann Initiative") to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, placed significant limits on the imposition of new *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. Section 4 of Article XIII A permits cities, counties, and special districts, by a two-thirds vote of the qualified electors of the jurisdiction, to impose special taxes, except for *ad valorem* taxes on real property or a transaction tax or sales tax on the sale of real property. The Special Tax is a special tax approved by the voters within the District in accordance with the procedures set forth in Section 4 of Article XIII A. The District has not pledged any taxes other than the Special Taxes to the repayment of the Bonds and, given the limitations



on *ad valorem* property taxes imposed by Article XIII A, does not have any *ad valorem* property taxes to repay the Bonds.

Article XIII A does permit the levy of *ad valorem* taxes and the imposition of special assessments to pay interest and redemption charges on bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by voters voting at the election proposing the taxes or assessments. Were the qualified voters to approve indebtedness payable from *ad valorem* taxes or assessments against property within the District, those taxes or assessments would be on a parity with the Special Taxes. See "RISK FACTORS – Direct and Overlapping Indebtedness." Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

**Article XIII B.** The State of California and State and local government agencies are subject to annual "appropriation limits" imposed by Article XIII B of the California Constitution. Among other things, Article XIII B prohibits the State and local government agencies from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitations" include authorizations to spend "proceeds of taxes," which consist of tax revenues, certain state subventions, and certain other funds, including proceeds from regulatory licenses, user charges, or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." No limit is imposed on appropriations of funds which are not "proceeds of taxes," such as appropriations for debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges, or fees and certain other nontax funds. Since the Bonds constitute indebtedness authorized by the voters of the District, the District does not intend to treat the Special Taxes as "appropriations subject to limitation." Notwithstanding this fact, the Law permits, and the qualified elector in the District has approved, an appropriations limit.

**Proposition 218.** Proposition 218 ("Proposition 218"), a state ballot initiative known as the "Right to Vote on Taxes Act," was approved by California voters on November 6, 1996. Proposition 218 added Articles XIII C and XIII D to the California Constitution and, with the exception of certain provisions, Articles XIII C and XIII D became effective on November 6, 1996.

Among other things, Proposition 218 imposed certain voting requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Under Proposition 218 (i) all taxes imposed by local governments are deemed to be either general taxes or special taxes, (ii) no local government may impose, extend, or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote, and (iii) no local government may impose, extend, or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote. Special purpose districts, including community facilities districts, have no power to levy general taxes. The Special Taxes were authorized by not less than a two-thirds vote of the property owners within the District who constituted the qualified electors of the District at the time of such vote. The City believes that the issuance of the Bonds does not require the conduct of further proceedings under the Law or Proposition 218, other than as described herein.

Proposition 218 provides that the initiative power shall "not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." Thus, Proposition 218 removes limitations on the initiative power in matters of, among other things, the Special Taxes. Consequently, it is conceivable that the voters of the City or the District could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any Special Tax, subject to overriding federal constitutional principles relating to impairment of contracts.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

### **Future Initiatives**

Articles XIII A and XIII B and Proposition 218 were each submitted to and approved by the voters of the State pursuant to the State's constitutional initiative process. On March 6, 1995, in *Rossi v. Brown* (9 Cal.4th 688), the Supreme Court of the State held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption of taxes from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by the voters of the State. The adoption of any such initiative might place limitations on the ability of the State, the City, the Agency, the District, and other local districts to increase revenues or to increase appropriations or on the ability of the property owners within the District to complete the proposed Development.

### **Direct and Overlapping Indebtedness.**

The ability of a landowner within the District to pay the Special Taxes levied against its District property could be adversely affected by the existence of other taxes and assessments imposed upon such property. In addition, other public agencies whose boundaries overlap those of the District could, without the consent of the City, and in certain cases without the consent of the owners of land within the District, impose additional taxes or assessment liens on the property within the District to finance public improvements to be located inside or outside the District. See "THE DISTRICT – Direct and Overlapping Debt; Overall Value-to-Lien Ratio."

### **Limitations on Remedies**

The enforceability of the rights of the Bondowners and the Fiscal Agent, and the obligations incurred by the City and the Agency as described herein may be subject to various limitations, including, but not limited to, the following: the federal bankruptcy code and applicable bankruptcy law, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the federal government of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Bondowners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations, or modification of their rights.

### **Hazardous Substances**

Although governmental taxes, assessments, and charges are a common claim against the value of a taxed parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Tax is a claim with regard to hazardous substances. In general, the owners and operators of parcels within the District may be required by law to remedy conditions of the parcels related to the releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation, and Liability Code of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substances

condition of a property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any parcel within the District be affected by a hazardous substance, would be to reduce the marketability and value of the parcel by the costs of remedying the condition, because the owner (or operator) is obligated to remedy the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the financial and legal ability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

The appraised values set forth in the Appraisal do not, unless expressly noted, take into account the possible reduction in marketability and value of any of the parcels by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City is not aware that the owner (or operator) of any of the taxed parcels has such a current liability with respect to any of the parcels within the District, except as expressly noted herein. However, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels within the District resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the value of a taxed parcel that is realizable upon a delinquency of Special Taxes.

### **Seismic Hazards**

California has historically been subject to periodic seismic activity. The property within the District is not located within any Special Studies Zone, as defined in the Alquist-Priolo Special Studies Zone Act. Nevertheless, it may still be subject to moderate and severe ground shaking in the event of a major seismic occurrence on any of the active or potentially active faults in the southern California area. The San Andreas Fault is the closest active fault to the District, located approximately 27 miles northeast of the City. The Verdugo Fault, which is considered potentially active, runs along the Verdugo Mountains in the northern portion of the City.

The occurrence of seismic activity in the District could result in substantial damage to properties in the District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes.

### **Flood Hazards**

According to the Federal Emergency Management Agency Federal Insurance Administration map panel #0650180005C, dated January 20, 1999 (the "FEMA Map"), the property within the District is located in a mapped Zone X area, which is an area of minimal flooding. Consequently, no flood insurance has been or will be obtained by the Developer with respect to its property within the District.

## **TAX MATTERS**

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, under existing law, subject to the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal

Revenue Code of 1986 (the "Code") and, under section 55 of the Code, is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Code but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure of the City to comply with one or more of such covenants could cause interest on the Bonds to not be excludable from gross income under section 103 of the Code for federal income tax purposes retroactively to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Bondowners should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any collateral tax consequences arising with respect to the Bonds other than as expressly described above.

The complete text of Bond Counsel's proposed opinion is set forth in "APPENDIX B – Proposed Form of Bond Counsel Opinion."

### **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel's opinion is set forth in Appendix B. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Copies of such approving opinion will be available at the time of delivery of the Bonds. The fees and expenses of Bond Counsel are contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the City, the District, and the Agency by the City Attorney, for the Underwriter by Pillsbury Winthrop Shaw Pittman LLP, Century City, California, and for the Developer by Resch Polster Alpert & Berger, LLP, Los Angeles, California, and Latham & Watkins LLP.

### **ABSENCE OF LITIGATION**

The City and the Agency will each certify upon the issuance and delivery of the Bonds that there is no action, suit, or proceeding known to be pending or threatened, restraining or enjoining the issuance or sale of the Bonds, or in any way contesting or affecting the validity of the foregoing or any proceedings of the City, the District, or the Agency, as applicable, taken with respect to any of the foregoing.

### **NO RATING**

The City has not applied, and does not contemplate making an application to any rating agency, for the assignment of a rating to the Bonds.

### **UNDERWRITING**

The Bonds are being purchased by Stone & Youngberg LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$5,985,298.75, which purchase price was calculated as the original principal amount of the Bonds, less an Underwriter's discount of \$169,701.25. The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and

conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

## **CONTINUING DISCLOSURE**

### **Continuing Disclosure by the City and Agency**

The City, for itself and on behalf of the District, and the Agency will each covenant in a Continuing Disclosure Agreement, the form of which is set forth in Appendix H, for the benefit of the Bondowners and Beneficial Owners of the Bonds, to provide an annual report (each, an "Annual Report") containing certain financial information and operating data relating to the District, the Agency, and the Bonds for each Fiscal Year. The specific nature of the information to be contained in the Annual Reports and certain other terms of this continuing disclosure obligation are summarized in "APPENDIX H - Form of Continuing Disclosure Agreements (City Form)." Neither the City nor the Agency has ever failed to comply with any previous undertaking to provide continuing disclosure reports and notices of material events.

### **Continuing Disclosure by the Developer**

The Developer will covenant in its Continuing Disclosure Agreement, the form of which is set forth in Appendix H, for the benefit of the Bondowners and Beneficial Owners of the Bonds, to provide a semi-annual report containing certain financial information and operating data relating to the Development and the Facilities for each of its fiscal years. The specific nature of the information to be contained in the Developer's semi-annual reports and certain other terms of this continuing disclosure obligation, including the circumstances under which the Developer may be released from its continuing disclosure obligation, are summarized in "APPENDIX H - Form of Continuing Disclosure Agreements (Developer Form)." The Developer has not previously undertaken to provide continuing disclosure reports and notices of material events.

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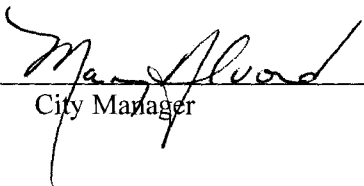
### MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statement of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representatives of fact. This Official Statement is not to be construed as a contract or agreement among the City, the District, or the Agency and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the City on behalf of the District.

CITY OF BURBANK, for and on behalf of  
CITY OF BURBANK COMMUNITY FACILITIES  
DISTRICT NO. 2005-1 (THE COLLECTION PUBLIC  
PARKING FACILITY)

By:   
City Manager

## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

The following is a brief summary of certain provisions of the Fiscal Agent Agreement not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the text of the Fiscal Agent Agreement for the complete terms thereof.

#### Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

"Acquisition Agreement" means the Acquisition Agreement, dated as of February 1, 2006, between the City and Burbank Collection, Ltd., a California limited partnership, as originally executed and as it may be amended from time to time.

"Administrative Expenses" means costs directly related to the administration of the District consisting of the costs of computing the Special Taxes and computing amounts payable by the Agency under the Note, and the costs of preparing the annual Special Tax collection schedules (whether by the Finance Director or designee thereof or both) and the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; fees and costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under the Fiscal Agent Agreement; costs related to the release of funds from the Escrow Fund or any extension of dates referred to in the Escrow Fund provisions of the Fiscal Agent Agreement, the costs of the City or any designee of the City of complying with the disclosure provisions of the Law and other applicable laws, the Continuing Disclosure Agreement and the Fiscal Agent Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Bondowners and the Original Purchaser; the costs of the City or any designee of the City related to an appeal of the Special Tax; any amounts required to be rebated to the federal government in order for the City to comply with the covenant in the Fiscal Agent Agreement regarding rebate payments to the federal government; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the District, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure compliance with the covenant in the Fiscal Agent Agreement regarding rebate payments to the federal government, and the costs of commencing and pursuing foreclosures with respect to delinquent Special Taxes.

"Administrative Expense Fund" means the fund by that name established by the Fiscal Agent Agreement.

"Agreement" means the Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions thereof.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of the Fiscal Agent Agreement providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year pursuant to the Fiscal Agent Agreement).

"Auditor" means the auditor/controller of the County.

"Authorized Officer" means the Mayor, City Manager, Financial Services Director (including any Interim Financial Services Director), City Clerk or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in the Fiscal Agent Agreement as required to be undertaken by an Authorized Officer.

"Bond Counsel" means (i) Quint & Thimmig LLP, or (ii) any other attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund by that name established under the Fiscal Agent Agreement.

"Bond Register" means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under the Fiscal Agent Agreement.

"Bond Year" means the one-year period beginning on December 2nd in each year and ending on December 1st in the following year, except that the first Bond Year shall begin on the Closing Date and end on December 1, 2006.

"Bonds" means the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) 2006 Special Tax Bonds at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its Principal Office are authorized or obligated by law or executive order to be closed.

"CDIAC" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

"Capitalized Interest Account" means the account by that name established within the Bond Fund by the Fiscal Agent Agreement.

"City Attorney" means the attorney employed by the City in the capacity of City Attorney.

"Closing Date" means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed,



temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the City, the Agency and Wells Fargo Bank, National Association, as dissemination agent, on the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, expenses incurred by the City in connection with the issuance of the Bonds and the establishment of the District, special tax consultant fees and expenses, financial advisor fees and expenses, fiscal consultant fees and expenses, preliminary engineering fees and expenses, Bond (underwriter's) discount, legal fees and charges, including bond counsel and landowner's counsel, charges for execution, transportation and safekeeping of the Bonds, landowner expenses related to the District formation and the issuance of the Bonds, City costs related to the District formation, and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established by the Fiscal Agent Agreement.

"County" means the County of Los Angeles, California.

"Debt Obligations" means, collectively, (i) an amount equal to the principal amount of the Bonds then Outstanding, less the principal amount of any Bonds to be redeemed from amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement, plus (ii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iii) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the "Other District Bonds") equal to the aggregate principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

"Debt Service" means the scheduled amount of interest and amortization of principal (including principal payable by reason of the sinking account redemption provisions of the Fiscal Agent Agreement) on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (a) initially, The Depository Trust Company, and (b) any other Securities Depository acting as Depository pursuant to the Fiscal Agent Agreement.

"District Value" means the market value, as of the date of value in the appraisal described below or the date of the most recent County real property tax roll, as applicable, of all parcels of real property in the District subject to the levy of the Special Taxes and not

delinquent in the payment of any Special Taxes then due and owing, as determined with respect to any parcel or group of parcels by reference to (i) an appraisal that has a valuation date that is within the preceding three (3) months by an MAI appraiser (the "Appraiser") selected by the City, or (ii), in the alternative, the assessed value of all such nondelinquent parcels and improvements thereon as shown on the then current County real property tax roll available to the Finance Director. It is expressly acknowledged that, in determining the District Value, the City may rely on an appraisal to determine the value of some or all of the parcels in the District and/or the most recent County real property tax roll as to the value of some or all of the parcels in the District. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

"Escrow Fund" means the fund by that name created by and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent: (i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or (ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Finance Director" means the Financial Services Director of the City or such other officer or employee of the City performing the functions of the chief financial officer of the City (including any Interim Financial Services Director).

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers provided in the Fiscal Agent Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Improvement Fund" means the fund by that name created by and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or the Finance Director, and who, or each of whom: (i) has experience in matters relating to the issuance and/or administration of bonds under the Law; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service", 65 Broadway, 16th Floor, New York, New York 10006; Moody's Investors Service "Municipal and Government", 99 Church Street, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor's Corporation "Called Bond Record", 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means June 1 and December 1 of each year, commencing June 1, 2006.

"Law" means the City of Burbank Special Tax Financing Improvement Code, being Article 20 of Chapter 14 of the Burbank Municipal Code.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Moody's" means Moody's Investors Service, and any successor thereto.

"Note" means the promissory note of the Agency payable to Burbank Collection, Ltd., a California limited partnership and assigned to the Fiscal Agent, evidencing the Agency's obligations under and as otherwise described in Section 301.1 of the OPA.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"OPA" means the Amended and Restated Owner Participation Agreement, entered into on December 2, 2004, by the Agency and Champion Realty, Ltd., a California limited partnership (and as assigned by Champion Realty, Ltd. to Burbank Collection, Ltd., a California limited partnership), as amended and in effect from time to time.

"Ordinance" means any ordinance of the City levying the Special Taxes.

"Original Purchaser" means Stone & Youngberg LLC, the first purchaser of the Bonds from the City.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to the Fiscal Agent Agreement or any Supplemental Agreement.

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Permitted Investments" means any of the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) Time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank (including the Fiscal Agent and its affiliates) or trust company, or a state or federal savings and loan association; provided, that the certificates of deposit shall be one or more of the following: continuously and fully insured by the Federal Deposit Insurance Corporation, and/or continuously and fully secured by securities described in subdivision (a) of this definition of Permitted Investments which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, of not less than 102 percent of the principal amount of the certificates of deposit.

(c) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody's or S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, by either Moody's or S&P, provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation.

(d) A repurchase agreement with a state or chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of this definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the

underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(e) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution or insurance company the long-term unsecured obligations of which are, or claims paying ability or financial strength of which is, respectively, rated at least "AA3" or better by Moody's and at least "AA-" or better by S&P at the time of initial investment. The investment agreement shall be subject to a downgrade provision with at least the following requirements: (1) the agreement shall provide that within five Business Days after the financial institution's long-term unsecured credit rating or, if applicable, the insurance company's claims paying ability or financial strength credit rating, has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody's or S&P from the practice of rating that debt, or reduced below "AA-" by S&P or below "Aa3" by Moody's (these events are called "rating downgrades") the financial institution or insurance company, respectively, shall give notice to the Fiscal Agent and, within the five-day period, and for as long as the rating downgrade is in effect, shall either arrange for another entity meeting the requirements of the first sentence of this paragraph (e) to assume its obligations under the investment agreement or deliver in the name of the Fiscal Agent to the Fiscal Agent federal securities allowed as investments under subdivision (a) of this definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, and (2) the agreement shall provide that, if the financial institution's long-term unsecured credit rating or, if applicable, the insurance company's claims paying ability or financial strength credit rating is reduced below "A3" by Moody's or below "A-" by S&P, the provider shall within five Business Days arrange for another entity meeting the requirements of the first sentence of this paragraph (e) to assume its obligations under the investment agreement or else the Fiscal Agent may, upon not more than five Business Days' written notice to the financial institution or insurance company, respectively, withdraw amounts invested under the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(f) The Local Agency Investment Account of the State Finance Director of the State of California as permitted by the State Finance Director pursuant to Section 16429.1 of the Article 20 of Chapter 14 of the Burbank Municipal Code.

(g) Investments in a money market account (including any accounts of the Fiscal Agent or its affiliates) rated in the highest rating category by Moody's or S&P.

"Principal Office" means the principal corporate trust office of the Fiscal Agent set forth in the Fiscal Agent Agreement, except for the purpose of maintenance of the registration books and presentation of Bonds for payment, transfer or exchange, such term shall mean the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the public parking facilities more particularly described in the Resolution of Formation.

"Rate and Method of Apportionment of Special Taxes" means the rate and method of apportionment of special taxes for the District, as approved pursuant to the Resolution of Formation, and as it may be modified in accordance with the Law.

"Record Date" means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

"Release Requirements" means, collectively, (a) the construction of the Public Parking Structure (as defined in the OPA) has been completed, as evidenced by the issuance by the City of a certificate of occupancy or temporary certificate of occupancy with respect to the Public Parking Structure, and (b) the District Value is at least three times the amount of the Debt Obligations.

"Reserve Fund" means the fund by that name established pursuant to the Fiscal Agent Agreement.

"Reserve Requirement" means, (A) as of any date of calculation prior to the date on which funds are transferred from the Escrow Fund pursuant to the Fiscal Agent Agreement, the amount specified for such period in the Fiscal Agent Agreement; and (B) as of any date of calculation thereafter, an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the then Outstanding principal amount of the Bonds.

"Revenues" means, collectively, Special Tax Revenues and Tax Increment Revenues.

"S&P" means Standard & Poor's Ratings Service, a division of McGraw-Hill, and any successor thereto.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, New York 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Tax Fund" means the fund by that name established by the Fiscal Agent Agreement.

"Special Tax Prepayments" means the proceeds of any prepayments of Special Tax received by the City, as calculated pursuant to the Rate and Method of Apportionment of Special Taxes, less any administrative fees or penalties collected as part of any such prepayment.

"Special Tax Prepayments Account" means the account by that name established within the Bond Fund by the Fiscal Agent Agreement.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. "Special Tax Revenues" does not include any penalties collected in connection with delinquent Special Taxes.

"Special Taxes" means the special taxes levied within the District pursuant to the Law, the Ordinance and the Fiscal Agent Agreement.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Law and which agreement is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

"Tax Consultant" means David Taussig & Associates, Inc. or another independent financial or tax consultant retained by the City for the purpose of computing the Special Taxes.

"Tax Increment Revenues" means amounts paid by the Agency pursuant to the Note, to the extent received by the Fiscal Agent (as assignee of Burbank Collection, Ltd.), and required by the Fiscal Agent Agreement to be deposited to the Special Tax Fund.

### **Funds and Accounts**

The Fiscal Agent Agreement provides for the following funds, which include the Special Tax Fund, the Bond Fund and the Reserve Fund described in the text of this Official Statement:

Improvement Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Improvement Fund. A deposit shall be made to the Improvement Fund as required by the Fiscal Agent Agreement relating to the release of funds from the Escrow Fund. Moneys in the Improvement Fund shall be held in trust by the Fiscal Agent for the benefit of the City, and shall be disbursed for the payment or reimbursement of costs of the Project. Amounts in the Improvement Fund are not pledged as security for the Bonds.

Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate which shall: (a) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which shall be for a Project cost identified in the Acquisition Agreement or otherwise payable from the Improvement Fund), that the disbursement is a proper expenditure from the Improvement Fund, and the person to whom the disbursement is to be paid; and (b) certify that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting a disbursement. Each such Officer's Certificate or other certificate submitted to the Fiscal Agent as described in the Fiscal Agent Agreement shall be sufficient evidence to the Fiscal Agent of the facts stated therein, and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

Moneys in the Improvement Fund shall be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits from the investment and deposit of amounts in the Improvement Fund shall be retained in the Improvement Fund to be used for the purposes of the Improvement Fund.

Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid, or that any such costs are not required to be paid from the Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund to be used to pay Debt Service on the Bonds on the next Interest Payment Date, and when no amounts remain on deposit in the Improvement Fund the Improvement Fund shall be closed.

Costs of Issuance Fund. There is established as a separate fund to be held by the Fiscal Agent, the Costs of Issuance Fund, to the credit of which a deposit shall be made as

required by the Fiscal Agent Agreement. Moneys in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent, shall be disbursed as provided below for the payment or reimbursement of Costs of Issuance, and are not pledged as security for the Bonds.

Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the Finance Director and delivered to the Fiscal Agent concurrently with the delivery of the Bonds, or otherwise in an Officer's Certificate delivered to the Fiscal Agent after the Closing Date. The Fiscal Agent shall pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to an Officer's Certificate requesting payment of Costs of Issuance. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the date of delivery of the Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Finance Director for deposit by the Finance Director in the Administrative Expense Fund.

Moneys in the Costs of Issuance Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

Reserve Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Reserve Fund, to the credit of which a deposit shall be made as required by the Fiscal Agent Agreement equal to the Reserve Requirement as of the Closing Date for the Bonds, and deposits shall be made as provided in the Escrow Fund release and Special Tax Fund provisions of the Fiscal Agent Agreement. Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund.

The Fiscal Agent shall transfer from the Reserve Fund to the Bond Fund the amount, if any, in the Reserve Fund which is in excess of the amount of the then Reserve Requirement (i) on the Business Day prior to each Interest Payment Date which occurs prior to the transfer of amounts in the Escrow Fund to the Reserve Fund, the Improvement Fund and, if applicable, the Bond Fund pursuant to the Fiscal Agent Agreement, (ii) on the forty-fifth day prior to each Interest Payment Date that occurs following a transfer from the Escrow Fund pursuant to the Fiscal Agent Agreement, and (iii) on any other date at the written request of the Finance Director, with any amount so transferred from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall upon the written direction of the Finance Director transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and



redemption, in accordance with the Fiscal Agent Agreement, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose of the City.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund as described in the preceding paragraph until after (i) the calculation of any rebate amounts due to the federal government pursuant to the Fiscal Agent Agreement following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement, a proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed, and the original principal of the Bonds) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement. The Finance Director shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

Amounts in the Reserve Fund may at any time be used, at the written direction of an Authorized Officer, for purposes of paying any rebate liability due to the federal government under the provisions of the Fiscal Agent Agreement.

Bond Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Bond Fund, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement. There is also created in the Bond Fund a separate account held by the Fiscal Agent, the Capitalized Interest Account, to the credit of which deposits shall be made as required under the Fiscal Agent Agreement. There is also created in the Bond Fund a separate account to be held by the Fiscal Agent consisting of the Special Tax Prepayments Account, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement.

Moneys in the Bond Fund and the accounts therein shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

*Bond Fund Disbursements.* On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in the Fiscal Agent Agreement, or a redemption of the Bonds required by the Fiscal Agent Agreement, such payments to be made in the priority listed in the second succeeding paragraph.

In the event that amounts in the Bond Fund are insufficient for the purposes set forth in the preceding paragraph, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the Fiscal Agent Agreement, the Fiscal Agent shall apply the

available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

*Special Tax Prepayments Account Disbursements.* Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement, and shall be used (together with any amounts transferred from the Reserve Fund in connection therewith pursuant to the Fiscal Agent Agreement) to redeem Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

*Capitalized Interest Account Disbursements.* Moneys in the Capitalized Interest Account shall be transferred to the Bond Fund on the Business Day prior to each Interest Payment Date, following any transfers of earnings on amounts in the Reserve Fund, Tax Increment Revenues on deposit in the Special Tax Fund and earnings on amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement to occur on the Business Day prior to the respective Interest Payment Date, in an amount necessary to increase the amount then on deposit in the Bond Fund to an amount equal to the interest on the Bonds due on the next succeeding Interest Payment Date, and, if applicable with respect to an Interest Payment Date on which principal is due on the Bonds following the establishment of any Revised Escrow Close Date pursuant to the Fiscal Agent Agreement, in an amount equal to the principal so due on the Bonds on such Interest Payment Date; provided that no such transfer shall exceed the amount then on deposit in the Capitalized Interest Account. On the date on which amounts are released from the Escrow Fund pursuant to the Fiscal Agent Agreement, the Fiscal Agent shall transfer all amounts then on deposit in the Capitalized Interest Account to Burbank Collection, Ltd., or as otherwise directed in writing by the President of Burbank Delaware GP Corp., Inc., the general partner of Burbank Collection, Ltd. delivered to the Fiscal Agent prior to the date of such transfer.

Moneys in the Bond Fund, the Capitalized Interest Account and the Special Tax Prepayments Account shall be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund, the Capitalized Interest Account and the Special Tax Prepayments Account shall be retained in the Bond Fund, the Capitalized Interest Account and the Special Tax Prepayments Account, respectively, to be used for purposes of such fund and accounts.

Special Tax Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Special Tax Fund, to the credit of which the Fiscal Agent shall deposit (i) amounts received from or on behalf of the City consisting of Special Tax Revenues (including amounts paid by property owners pursuant to Special Tax billings by the Finance Director), (ii) amounts received from or on behalf of the Agency constituting Tax Increment Revenues, and (iii) any amounts required by the Fiscal Agent Agreement to be deposited therein. The City shall promptly remit any such amounts received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing, (i) any Revenues constituting payment for Administrative Expenses shall be deposited by the Finance Director in the Administrative Expense Fund (and the Fiscal Agent shall remit to the Finance Director for such purpose any Special Taxes received by the Fiscal Agent pursuant to a billing to property owners in the District pursuant to the Fiscal Agent Agreement, to the extent that the Finance Director advises the Fiscal Agent of the portion of the amounts so billed that are to be used to pay

Administrative Expenses), (ii) any proceeds of Special Tax Prepayments shall be transferred by the Finance Director to the Fiscal Agent for deposit by the Fiscal Agent (as specified in writing by the Finance Director to the Fiscal Agent) directly in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement; and (iii) the portion of the Tax Increment Revenues, if any, to be paid to or upon the order of Burbank Collection, Ltd. pursuant to the Fiscal Agent Agreement shall be remitted by the Fiscal Agent to the applicable party pursuant to the Fiscal Agent Agreement.

Moneys in the Special Tax Fund shall be held in trust by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Owners of the Bonds and the City.

On the Business Day prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund (a) prior to the date on which amounts are released from the Escrow Fund pursuant to the Fiscal Agent Agreement, all amounts then on deposit in the Special Tax Fund; and (b) thereafter, an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the Reserve Fund, the Capitalized Interest Account and the Special Tax Prepayments Account to the Bond Fund pursuant to the Fiscal Agent Agreement, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement.

Moneys in the Special Tax Fund shall be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

Administrative Expense Fund. There is established under the Fiscal Agent Agreement, as a separate fund to be held by the Finance Director, the Administrative Expense Fund to the credit of which deposits shall be made as required by the Fiscal Agent Agreement. Moneys in the Administrative Expense Fund shall be held in trust by the Finance Director for the benefit of the City, shall be disbursed as provided below, and are not pledged as security for the Bonds.

Amounts in the Administrative Expense Fund will be withdrawn by the Finance Director and paid to the City or its order upon receipt by the Finance Director of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or a Cost of Issuance, and the nature of such Administrative Expense or Cost of Issuance. Amounts deposited to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement or transferred from the Costs of Issuance Fund to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement shall be separately identified at all times, and shall be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to the Fiscal Agent Agreement. Annually, on the last day of each Fiscal Year commencing with the last day of Fiscal Year 2006-2007, the Finance Director shall withdraw any amounts then remaining in the Administrative Expense Fund in excess of \$20,000 that have not been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Fund.

Moneys in the Administrative Expense Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment shall be retained by the Finance Director in the Administrative Expense Fund to be used for the purposes of such fund.

Escrow Fund. See the description of this fund under the heading "SECURITY FOR THE BONDS—Escrow Fund" in the body of the Official Statement. Moneys in the Escrow Fund shall be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits from such investment shall be transferred by the Fiscal Agent to the Bond Fund on the Business Day prior to each Interest Payment Date.

### **Covenants of the City**

The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds.

The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Revenues and the amounts in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, the Special Tax Fund and the Escrow Fund.

In order to prevent any accumulation of claims for interest after maturity, the City may not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and may not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

The City will not encumber, pledge or place any charge or lien upon any of the Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien under the Fiscal Agent Agreement for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and to the Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund (including the Special Tax Prepayments Account and the Capitalized Interest Account therein), the Reserve Fund, the Special Tax Fund, the

Improvement Fund, the Escrow Fund, and the Costs of Issuance Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing upon reasonable prior notice.

The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

The City will comply with all applicable provisions of the Law and of any other applicable law in administering the District, and completing the acquisition of the Project.

It is expected that the Tax Increment Revenues, amounts on deposit in the Capitalized Interest Account (including the earnings thereon), and the earnings on amounts in the Escrow Fund and the Reserve Fund, are expected to be sufficient to pay the scheduled debt service on the Bonds. Nevertheless, on the forty-fifth day prior to each Interest Payment Date which occurs following the transfer of amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement (and after any transfers from the Reserve Fund pursuant to the Fiscal Agent Agreement to the Bond Fund to occur on each such forty-fifth day prior to the respective Interest Payment Date), the Fiscal Agent shall determine the difference between the amount then available in the Bond Fund and the Special Tax Fund to pay debt service due on the Bonds on the next succeeding Interest Payment Date and the debt service so due and payable. In the event of a shortfall in amounts needed to pay the scheduled debt service on any such Interest Payment Date, the Fiscal Agent shall inform the Finance Director in writing of the amount of such shortfall and the Finance Director shall, on or before the thirtieth day prior to such Interest Payment Date, send a Special Tax bill to each of the applicable landowners in the District, allocating a portion of the amount of the shortfall to each parcel in the District according to the Rate and Method of Apportionment of Special Taxes. The Special Tax bills shall provide that (a) any amount so billed is due and payable on the date which is three Business Days prior to the respective Interest Payment Date, (b) that payment shall be made directly to the Fiscal Agent (and the Fiscal Agent shall deposit any amount so received to the Special Tax Fund), and (c) that penalties and interest will accrue on any amount not paid by the due date. The Fiscal Agent shall provide written notice to the Finance Director of any amounts received by it as a payment by a property owner of Special Taxes. The Finance Director may also send Special Tax bills from time to time to the property owners in the District, in accordance with the Rate and Method of Apportionment of Special Taxes, in order to pay Administrative Expenses if amounts in the Administrative Expense Fund are insufficient for such purposes, or may include amounts for such purpose in the Special Tax bills, if any, sent to the landowners in the District pursuant to the foregoing provisions of this paragraph.

Notwithstanding the foregoing, if for any reason the Fiscal Agent fails to act in accordance with the foregoing provisions of the Fiscal Agent Agreement, the Finance Director shall take all actions necessary to collect sufficient Special Taxes, in accordance with the Rate and Method of Apportionment of Special Taxes, to pay debt service due on the Bonds in the event that amounts on deposit in the Special Tax Fund and the Bond Fund (including the Capitalized Interest Account) are not sufficient for such purpose, and to replenish the Reserve Fund to the amount of the Reserve Requirement in effect from time to time.

Pursuant to Section 14-2073 of the Law, the City hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as

hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph. The Finance Director shall notify the City Attorney of any such delinquency of which it is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about June 2 and December 2 of each Fiscal Year, the Finance Director shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City. If the Finance Director determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 90 days of such determination. Notwithstanding the foregoing, the Finance Director may defer such action if the amount in the Reserve Fund is at least equal to the Reserve Requirement.

The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement.

The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds. If necessary, the City may use amounts in the Reserve Fund, amounts on deposit in the Administrative Expense Fund, and any other funds available to the District, including amounts advanced by the City, in its sole discretion, to be repaid by the District as soon as practicable from amounts described in the preceding clauses, to satisfy its obligations described in this paragraph.

The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default under the Fiscal Agent Agreement; however, the Participating Underwriter or any holder or beneficial owner of the Bonds may

take such actions as may be necessary and appropriate to compel performance by the City of its obligations thereunder, including seeking mandate or specific performance by court order.

An owner of real property in the District as of the Closing Date has also executed a continuing disclosure agreement for the benefit of the holders and beneficial owners of the Bonds. Any Participating Underwriter or holder or beneficial owner may take such actions as may be necessary and appropriate directly against such landowner to compel performance by it of its obligations thereunder, including seeking mandate or specific performance by court order; however the City shall have no obligation whatsoever to enforce any obligations under any such agreement.

The City covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

The City covenants not to exercise its rights under the Law or the California Government Code to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender.

The City shall maintain the Project as a public parking facility, open to the public without preference or priority for any specific person or entity, so long as the Bonds are Outstanding. Notwithstanding the foregoing, (A) the City may convey the Project to the Parking Authority of the City so long as the Parking Authority agrees to the foregoing requirement, and (B) the City or the Parking Authority may charge for parking at the Project as determined by the City or the Parking Authority, as applicable, in its discretion, including charging different rates for different classes of users, so long as the City is not in violation of its covenant regarding private activity bonds in the Fiscal Agent Agreement.

The Fiscal Agent shall hold the Note, as assignee of the beneficiary thereof, for the benefit of the Bondowners and, under the circumstances described below, for the benefit of Burbank Collection, Ltd. or its assignee. The Fiscal Agent shall release the Note to Burbank Collection, Ltd. or its assignee under the circumstances described below. All payments by the Agency on the Note shall be remitted to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund; provided, however, that (i) in the event that Bonds are redeemed from amounts in the Escrow Fund pursuant to the Fiscal Agent Agreement, the Fiscal Agent shall, from and after any such redemption, promptly remit to Burbank Collection, Ltd. or its written assignee a portion of all payments made on the Note to the Fiscal Agent in respect of the originally scheduled debt service on the Bonds equal to a fraction, the numerator of which is equal to the principal amount of the Bonds so redeemed and the denominator of which is the principal amount of the Bonds outstanding immediately prior to such redemption, and (ii) the Fiscal Agent shall promptly remit to Burbank Collection, Ltd. or its written assignee any portion of any payment received by it on the Note which the Agency has identified to the Fiscal Agent in writing as constituting a Shortfall Payment (as defined in the Note).

The City agrees in the Fiscal Agent Agreement to take all actions necessary to enforce the obligations of the Agency under the Note which require the payment of Tax Increment Revenues to the beneficiary of the Note, so long as the Note is held by the Fiscal Agent under the Fiscal Agent Agreement. The Fiscal Agent Agreement provides that the Fiscal Agent shall consent to amendments to the Note as requested by the City, upon receipt of an Officer's Certificate setting forth the terms of the amendment and otherwise certifying that the amendment is permitted under the terms of the OPA and has been agreed to by the Agency. Upon the earlier of (i) payment in full of the Bonds, or (ii) legal defeasance of the Bonds, the Fiscal Agent shall (a) if such payment in full or legal defeasance occurs prior to December 1, 2023, endorse over, reassign and return the Note to the Burbank Collection, Ltd., or (b) if such payment in full or legal defeasance occurs on or after December 1, 2023, endorse over and return the Note to the Agency.

### **Investments**

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest, to the extent reasonably practicable, any such moneys in Permitted Investments described in clause (g) of the definition thereof in the Fiscal Agent Agreement, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder.

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Finance Director shall be invested by the Finance Director in any Permitted Investment, which in any event by their terms mature prior to the date on which such moneys are required to be paid out. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Fiscal Agent Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

Notwithstanding the preceding two paragraphs, (a) amounts deposited to the Escrow Fund and the Capitalized Interest Account on the Closing Date shall be invested in the specific investment identified for such fund and account in the Fiscal Agent Agreement, and (b) any cash deposited with the Fiscal Agent as described in the Escrow Fund provisions of the Fiscal Agent Agreement shall be invested in the corresponding Permitted Investment described in applicable Escrow Fund provisions of the Fiscal Agent Agreement.

The Fiscal Agent and its affiliates or the Finance Director may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the Finance Director shall incur any liability for losses arising from any investments made pursuant to the Fiscal Agent Agreement. The Fiscal Agent will not be required to determine the legality of any investments.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to the Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Code) at Fair Market Value. The Fiscal Agent shall have no duty in connection with the determination of Fair Market Value other than to



follow the investment direction of an Authorized Officer in any written direction of any Authorized Officer. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Code.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Finance Director under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Finance Director, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement. The Fiscal Agent or the Finance Director, as applicable, shall sell at Fair Market Value, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Finance Director shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

#### **Liability of the City**

The City's obligations under the Fiscal Agent Agreement are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Revenues and the amounts in the Special Tax Fund, the Escrow Fund, the Bond Fund (including the Special Tax Prepayments Account and the Capitalized Interest Account therein) and the Reserve Fund created under the Fiscal Agent Agreement.

The City shall not incur any responsibility in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly therein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of the Fiscal Agent Agreement. The City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability in the performance of any of its obligations under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City and the Finance Director may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the City or the Finance Director shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Fiscal Agent Agreement) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent, an Independent Financial Consultant or a Tax Consultant, and such certificate shall be full warrant to the City and the Finance Director for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City or the Finance Director may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the City and/or the Finance Director may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

### **The Fiscal Agent**

The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in the Fiscal Agent Agreement, and no implied covenants or obligations shall be read into the Fiscal Agent Agreement against the Fiscal Agent.

Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the following paragraph, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act anything therein to the contrary notwithstanding.

The City may at any time remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, corporation or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and be subject to supervision or examination by federal or state authority. If such bank, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to,

then the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the provisions of the Fiscal Agent Agreement within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or reasonable agency, the Fiscal Agent is rendered unable to perform its duties under the Fiscal Agent Agreement, all such duties and all of the rights and powers of the Fiscal Agent thereunder shall be assumed by and vest in the Finance Director of the City in trust for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent thereunder, in trust for the benefit of the Owners of the Bonds. In such event, the Finance Director may designate a successor Fiscal Agent qualified to act as Fiscal Agent thereunder.

The recitals of facts, covenants and agreements in the Fiscal Agent Agreement and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Fiscal Agent Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of the Fiscal Agent Agreement; but in the case of any such certificates or opinions by which any provision of the Fiscal Agent Agreement are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Fiscal Agent Agreement. Except as provided above in this paragraph, Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Fiscal Agent Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Fiscal Agent Agreement, and the Fiscal Agent shall not be

under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. No provision of the Fiscal Agent Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Fiscal Agent Agreement at the request or direction of any of the Owners pursuant to the Fiscal Agent Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Fiscal Agent Agreement, or as to the correctness of any amounts received, and its liability shall be limited to the proper accounting for such funds as it shall actually receive.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable. The Fiscal Agent shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed in good faith by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be in the Fiscal Agent Agreement specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by an Officer's Certificate, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

## **Amendment of the Fiscal Agent Agreement**

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Revenues superior to or on a parity with the pledge and lien created for the benefit of the Owners of the Bonds (except as otherwise permitted by the Law, the laws of the State of California or the Fiscal Agent Agreement), or (iii) reduce the percentage of Bonds required for the amendment of the Fiscal Agent Agreement. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the City in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the City;

- (b) to make modifications not adversely affecting any outstanding series of Bonds of the City in any material respect;

- (c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the City or the Fiscal Agent may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which shall not adversely affect the rights of the Owners of the Bonds; and

- (d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds.

## **Discharge of the Bonds and the Fiscal Agent Agreement**

The City shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

- (b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts as

provided in the Fiscal Agent Agreement, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine as confirmed by Bond Counsel or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (a), (b) or (c) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the Fiscal Agent Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the City under the Fiscal Agent Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligation of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, to pay all amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the City with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Law.

## **APPENDIX B**

### **PROPOSED FORM OF BOND COUNSEL OPINION**

[Closing Date]

City Council  
City of Burbank  
301 East Olive Avenue  
Burbank, California 91502

OPINION: \$6,155,000 City of Burbank Community Facilities District No. 2005-1  
(The Collection Public Parking Facility) 2006 Special Tax Bonds

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Burbank (the "City") of its \$6,155,000 City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) 2006 Special Tax Bonds (the "Bonds") pursuant to the City of Burbank Special Tax Financing Improvement Code, being Article 20 of Chapter 14 of the City's Municipal Code (the "Law"), a Fiscal Agent Agreement, dated as of February 1, 2006 (the "Fiscal Agent Agreement"), by and between the City for and on behalf of the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) (the "District"), and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"), and a resolution adopted by the City Council of the City on October 25, 2005 (the "Resolution"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is a charter city, duly organized and validly existing under the laws of the State of California, with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein and issue the Bonds.
2. The Fiscal Agent Agreement has been duly entered into by the City, for and on behalf of the District, and constitutes a valid and binding obligation of the City enforceable upon the City.
3. Pursuant to the Law, the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement for the security of the Bonds.
4. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited obligations of the City on behalf of the District, payable solely from the sources provided therefor in the Fiscal Agent Agreement.
5. Subject to the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and, under section 55 of the Code, is not included as an item of tax preference in computing the federal alternative minimum tax for individuals

and corporations under the Code but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure by the City to comply with one or more of such covenants could cause interest on the Bonds to not be excludable from gross income under section 103 of the Code for the federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the City and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,



**APPENDIX C**  
**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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**RATE AND METHOD OF APPORTIONMENT FOR  
CITY OF BURBANK  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
(THE COLLECTION PUBLIC PARKING FACILITY)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) ("CFD No. 2005-1") and collected each Fiscal Year commencing in Fiscal Year 2005-06, in an amount determined by the City Council of the City of Burbank, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2005-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre or Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2005-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with City, CFD No. 2005-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2005-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2005-1 for any other administrative purposes of CFD No. 2005-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

**"Assessor's Parcel Map"** means an official map of the County Assessor of the County designating parcels by Assessor's parcel number.

**"Bonds"** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued with respect to CFD No. 2005-1 under the Act.

**"Burbank Entertainment Village, L.L.C. Property"** means any Assessor's Parcel or other property within the boundaries of CFD No. 2005-1 that is owned by Burbank Entertainment Village, L.L.C. In the event that an Assessor's Parcel that was conveyed in fee to an entity other than Burbank Entertainment Village, L.L.C. is subsequently acquired by Burbank Entertainment Village, L.L.C., that Assessor's Parcel shall not be considered Burbank Entertainment Village, L.L.C. Property, but shall remain subject to the Special Tax obligation and shall be classified and taxed according to its land use and development status.

**"CFD Administrator"** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**"CFD No. 2005-1"** means the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility).

**"City"** means the City of Burbank.

**"Council"** means the City Council of the City.

**"County"** means the County of Los Angeles.

**"Fiscal Year"** means the period starting July 1 and ending on the following June 30.

**"Floor Area"** means for Non-Residential Property, the total of the gross area of the floor surfaces within the exterior wall of the building, not including space devoted to residential dwelling units, stairwells, basement or garage storage, required corridors, public restrooms, elevator shafts, light courts, vehicle parking and areas incident thereto, mechanical equipment incidental to the operation of such building, and covered public pedestrian circulation areas, including atriums, lobbies, plazas, patios, decks, arcades and similar areas, except such public circulation areas or portions thereof that are used solely for commercial purposes. The amount of Floor Area shall be determined by reference to the building permit(s) issued by the City, or if square footage is not available from this source, as otherwise determined by the CFD Administrator.

**"Indenture"** means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**"Maximum Special Tax"** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

**"Non-Residential Property"** means for each Fiscal Year, all Assessor's Parcels of Taxable Property for which a building permit was issued for a non-residential use after January 1, 2005 and prior to January 1 of the previous Fiscal Year, excluding Parking Property.

**"Other Taxable Property"** means Taxable Residential Property, Taxable Parking Property, Public Property, and Property Owner Association Property.

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Indenture.

**"Owner Participation Agreement"** means the Amended and Restated Owner Participation Agreement by and between the Redevelopment Agency of the City of Burbank and Champion Realty, LTD, a California limited partnership, dated as of December 2, 2004.

**"Parking Property"** means, for each Fiscal Year, any Assessor's Parcel for which a building permit has been issued for the construction of a garage, parking lot or parking structure as of January 1 of the prior Fiscal Year, and on which is located no other Non-Residential Property.

**"Proportionately"** means, for Non-Residential Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Non-Residential Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Undeveloped Property.

**"Property Owner Association Property"** means, for each Fiscal Year, any property within the boundaries of CFD No. 2005-1, excluding Parking Property, that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**"Public Property"** means, for each Fiscal Year, any property within CFD No. 2005-1, excluding Parking Property, that is owned by the federal government, the State, the County, the City or any other local government; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act, and any property described in Sections 53317.3 or 53317.5 of the Act, shall be not be considered Public Property but shall be classified and taxed in accordance with its use.

**"Residential Property"** means, for each Fiscal Year, all Assessor's Parcels for which a building permit has been issued for purposes of constructing one or more residential dwelling units as of January 1 of the prior Fiscal Year.

**"Special Tax"** means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

**"Special Tax Requirement"** means that amount required in any Fiscal Year for CFD No. 2005-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Special Tax levy whether through the Owner Participation Agreement or otherwise, as determined by the CFD Administrator pursuant to the Indenture.

**"State"** means the State of California.

**"Taxable Parking Property"** means all Assessor's Parcels of Parking Property which have not been exempted pursuant to Section E.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of CFD No. 2005-1 which are not exempt from the Special Tax pursuant to law or Section E below.

**"Taxable Residential Property"** means all Assessor's Parcels of Residential Property which have not been exempted pursuant to Section F.

**"Trustee"** means the trustee or fiscal agent under the Indenture.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property not classified as Non-Residential Property or Other Taxable Property.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 2005-1 shall be classified as Non-Residential Property, Undeveloped Property, or Other Taxable Property and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

**C. MAXIMUM SPECIAL TAX**

**1. Non-Residential Property**

The Maximum Special Tax for each Assessor's Parcel classified as Non-Residential Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

a. Assigned Special Tax

The Fiscal Year 2005-2006 Assigned Special Tax for Non-Residential Property shall be \$19.131 per square foot of Floor Area.

b. Backup Special Tax

The Fiscal Year 2005-2006 Backup Special Tax for CFD No. 2005-1 shall be equal to \$748,030. At the time a building permit is issued for an Assessor's Parcel of Non-Residential Property, the Backup Special Tax for such parcel shall be calculated. The Backup Special Tax for each Assessor's Parcel of Non-Residential Property shall equal the Backup Special Tax for all of CFD No. 2005-1 multiplied by the quotient of the Floor Area on such Assessor's Parcel divided by the Floor Area of all Assessor's Parcels of Non-Residential Property in existence at such time.

c. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2006, the Assigned Special Tax and Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**2. Undeveloped Property and Other Taxable Property**

The Fiscal Year 2005-2006 Maximum Special Tax for Undeveloped Property and Other Taxable Property shall be \$1,585,928 per Acre.

On each July 1, commencing on July 1, 2006, the Maximum Special Tax for Undeveloped Property and Other Taxable Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2005-2006 and for each following Fiscal Year, the Council shall levy the Special Tax until the amount of Special Tax equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Non-Residential Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement for after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Non-Residential Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel; and

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Property Owner Association Property, Taxable Residential Property, Taxable Parking Property, and Public Property at up to the Maximum Special Tax for Other Taxable Property.

**E. EXEMPTIONS**

The Special Tax shall not be levied on up to 324,190 building square feet of Parking Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Parking Property. Parking Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Other Taxable Property.

In addition, no Special Tax shall be levied on Burbank Entertainment Village, L.L.C. Property. However, should an Assessor's Parcel no longer be classified as Burbank Entertainment Village, L.L.C. Property or Parking Property, its tax-exempt status will be revoked.

Public Property and Property Owner Association Property are not exempt from the Special Tax.

**F. RELEASE OF LIEN**

Residential Property is not expected to be subject to the Special Tax. Upon issuance of a building permit for such property, up to 118 units of Residential Property shall be released from the obligation to pay the Special Tax and the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the release of the Special Tax lien on such Residential Property. Any units of Residential Property in excess of the 118 units specified above shall be considered Taxable Residential Property and subject to the levy of the Special Tax, and shall be taxed as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Other Taxable Property.

**G. APPEALS AND INTERPRETATIONS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the calculation of the Special Tax is in error. The CFD



Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

#### **H. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, and may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

#### **I. PREPAYMENT OF SPECIAL TAX**

The following definition applies to this Section I:

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

##### **1. Prepayment in Full**

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Non-Residential Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below)

	Bond Redemption Amount	
plus	Redemption Premium	
plus	Defeasance Amount	
plus	Administrative Fees and Expenses	
less	Reserve Fund Credit	
<u>less</u>	<u>Capitalized Interest Credit</u>	
Total: equals	Prepayment Amount	

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Non-Residential Property, compute the Maximum Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property (for which a building permit has been issued) to be prepaid, compute the Maximum Special Tax for that Assessor's Parcel as though it was already designated as Non-Residential Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Taxes for the entire CFD No. 2005-1 based on the Non-Residential Property Special Taxes which could be charged in the current Fiscal Year, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
7. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
8. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

9. Add the amounts computed pursuant to paragraphs 6 and 7 and subtract the amount computed pursuant to paragraph 8 (the "Defeasance Amount").
10. Verify the administrative fees and expenses of CFD No. 2005-1, including the administrative costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
11. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted to the extent that reserve funds drop below 100% of the reserve requirement.
12. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
13. ~~10.~~ The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 9 and 10, less the amounts computed pursuant to paragraphs 11 and 12 (the "Prepayment Amount").
14. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 9, 11 and 12 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 10 shall be retained by CFD No. 2005-1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 7 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property within CFD No. 2005-1 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The Special Tax on an Assessor's Parcel of Non-Residential Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

- PP = the partial prepayment
- $P_E$  = the Prepayment Amount calculated according to Section I.1
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax
- A = the Administration Fees and Expenses from Section I.1

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section I.1, and (ii) indicate in the records of CFD No. 2005-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage  $(1.00 - F)$  of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

## **J. TERM OF SPECIAL TAX**

The Special Tax shall be levied for a period not to exceed twenty five years commencing with Fiscal Year 2005-06.

**APPENDIX D**  
**APPRAISAL**

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**SELF CONTAINED REPORT**

**OF**

**THAT PORTION OF THE LAND WITH**

**RETAIL/RESTAURANT DEVELOPMENT AND**

**ADDITIONAL PARKING ENTITLEMENTS**

**LOCATED AT**

**140 EAST PALM STREET AVENUE**

**BURBANK, CALIFORNIA 91502**

**AS OF**

**OCTOBER 15, 2005**



October 20, 2005

Jennifer Mack  
Redevelopment Project Manager  
City of Burbank Redevelopment Agency  
275 East Olive Avenue  
Burbank, California 91510

**Re: City of Burbank CFD #2005-1**

Dear Ms. Mack:

At your request, we have physically inspected the land located at 140 East Palm Street Avenue, Burbank, California 91502 in order to prepare an appraisal of the subject property.

Based on our investigation, together with the data and analysis contained in the accompanying report, it is our opinion that on October 15, 2005 the value of the portion of the land to be allocated to the retail restaurant improvements was Three Million Four Hundred Twenty Two Thousand Dollars.

**\$3,422,000.00**

Based on our investigation, together with the data and analysis contained in the accompanying report, it is our opinion the value of the additional public parking spaces to be owned by the City of Burbank but available to the commercial development on October 15, 2005 was Five Hundred Thousand Dollars.

**\$500,000.00**

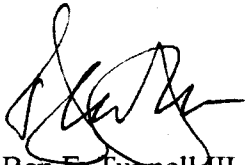


Jennifer Mack  
October 20, 2005  
Page 2

It is our opinion that, based on the data and analysis contained in the accompanying report, it is our opinion that the value of the portion of the land to be allocated to the retail restaurant improvements and the additional public parking spaces to be owned by the City of Burbank but available to the commercial development of the subject property on October 15, 2005 was Three Million Nine Hundred Twenty Two Thousand Dollars.

**\$3,922,000.00**

Very truly yours,



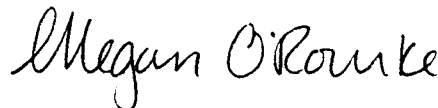
Ben F. Tummell III  
Chairman  
Certified General Real Estate Appraiser  
#AG006964



John V. Griffey  
President  
Certified General Real Estate Appraiser  
#AG011138



Stephen Rich, MAI  
Senior Appraiser  
Certified General Real Estate Appraiser  
#AG010280



Megan O'Rourke  
Vice Chairman & General Counsel

BT:kp  
N2632-2717-rpt update

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## **LIMITING CONDITIONS**

We believe the information furnished to us is reliable but assume no responsibility for its accuracy.

Based upon the specific direction of the client we have assumed that Condominium Tract Map 062742 has received final approvals, has been recorded, and all air space subdivisions are as specified in our report.

All financial statements, operating histories and other data relating to income and expenses attributed to the enterprise or properties have been provided by the owner, or representatives of the owner, and have been accepted without further verification, except as specifically set forth in this report.

We assume no responsibility for legal matters, nor do we render an opinion as to the title of the subject properties. The legal descriptions given in this report were furnished and are assumed to be correct.

This report has been made without benefit of a current termite report, soil or structural analysis by a competent engineer or a building inspection by a certified inspector. We offer no opinion as to the structural integrity of retaining walls or foundations, nor to present or future adverse effects due to the presence of asbestos, soil contaminants or other natural or man-made pollutants.

We are unaware of any lawsuits or contractual obligations, other than those specifically noted in this report, that would enhance or diminish the value of the subject property or its assets. If the presence of such matters is revealed, we reserve the right to modify our opinions expressed in this report.

Possession of this report does not carry with it the right of publication, nor may it be used for any purpose by any but the client without the previous written consent of the client and BTI Appraisal. Testimony or attendance in court by reason of this appraisal shall not be provided unless previous arrangements have been made.

## **SCOPE OF THE APPRAISAL**

The following steps were taken in arriving at the final estimate of value included in the appraisal report of the subject property:

1. After receiving the assignment, a preliminary search was made to determine market trends and other significant factors pertinent to the subject property.
2. A physical inspection of the property was performed. Although due diligence was exercised while visiting the Subject property, the appraiser is not an expert in such matters as pest control, structural engineering, hazardous waste, soil slippage, electrical, plumbing, roof, foundation systems, etc., and no warranty is given with regard to these elements. As needed, inspections by various licensed professionals within these fields might be recommended with the final estimate subject to their findings.
3. The appraisal report was then completed in accordance with Standards dictated by the Appraisal Foundation, the California Debt and Investment Advisory Commission Guideline, the Code of Professional Ethics, the Standard of Professional Appraisal Practice of the American Institute and guidelines. The report includes such data and information needed to lead the reader to a similar estimate of market value conclusion.

## **IDENTIFICATION OF REAL ESTATE BEING APPRAISED**

We will appraise a 100% interest in the land and parking entitlement associated with the "to be built 50,000 square feet retail restaurant space" described in the Development Agreement between the City of Burbank and Champion Realty Ltd., as that certain real property situated in the State of California, County of Los Angeles, City of Burbank, and more particularly described in the Legal Description Addendum 3. A tentative tract map #062742 has been submitted for approval for condominium purposes (Addendum 4).

This property is commonly referred to as:

140 East Palm Street Avenue  
Burbank, California 91502  
Los Angeles County  
Thomas Brothers Map Reference: 533-G7-H7

## **TAX INFORMATION**

Assessor Parcel Number:	2453-005-059	
Assessed Value:	Land	\$ 4,738,791
	Improvements	<u>-0-</u>
	Total	<u>\$ 4,738,791</u>
Tax Rate Area:	2536	
Taxes:	\$65,565 (2005)	

The assessed value and real property taxes of the subject are the result of State Proposition 13, a statewide ballot issue passed in 1978. The proposition limits taxes to 1% of the property's assessed value, plus a factor for bonded county or city debt. Assessed values are modified upon most transfers based upon the market value of the property at that time. Finally, all assessed values can be adjusted upward 2% annually. In our analysis of the subject property, we have considered both the long and short term effects on value due to any change in the tax liability of the property. Our records indicate the property taxes are not currently delinquent.

## **THE INTENDED USE OF THE APPRAISAL**

The intended use of this appraisal is to assist the client, City of Burbank, in reviewing the asset value of the subject property for Public Bond Financing.

## **PROPERTY INTEREST BEING APPRAISED**

We are appraising the Fee Simple interest in the subject property, defined as: "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation".<sup>1</sup> Our opinion of value does not include personal property, fixtures and intangibles, and our opinion of value is not effected by the omission of the above mentioned items.

## **DATE OF VALUE**

The appraiser physically inspected the subject property on July 8, 2005. At the request of City of Burbank, the value of this report is specifically applicable to October 15, 2005.

## **MARKET VALUE DEFINITION**

“Market Value” is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>5</sup> The value which is contained in this report was not based on a requested minimum value.

## **EXPOSURE TIME**

In assessing the subject's retrospective exposure time, we are assuming that the subject would have been professionally marketed through a qualified broker or owner, that the property would have been listed at a reasonable asking price with an owner willing to accept a reasonable offer, and that the buyer and seller will not be influenced by undue Stimuli. Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of this appraisal; a retrospective time estimate based upon an analysis of past events assuming a competitive and open market.<sup>6</sup> Based on our analysis, the subject's exposure time is estimated to be within 5 months.

## **DATA COLLECTION PROCESS**

The extent of our data collection process includes an investigation of all pertinent property attributes of the subject property, replacement costs, recent sales of land and improved properties similar to the subject and any prior sales of the subject from our various data sources. Data systems we maintain and utilize include, but are not limited to, the following:

NDC data, provided by National Data Collective; this comprehensive on-line database provides information on sales, property data, FEMA flood map information, and parcel maps for properties throughout the United States.

Win2Data, provided by First American Real Estate Solutions; this is also a comprehensive on-line database providing a second, confirming source for data used in our reports.

AIRD, provided by FNC, Inc; this source provides detailed information on sales and rents of residential income properties throughout Southern California.

CoStar Comps, provided by the CoStar Group, is an on-line database which provides detailed sales and financial information for commercial, industrial, special purpose and apartment properties throughout our market area.

Marshall Valuation Services, provided by Marshall & Swift, L.P.; this is the industry-standard provider of up-to-the-moment construction cost data worldwide. We subscribe to the computerized versions of both the Commercial Estimator and the Residential Estimator; both are detailed cost estimating systems that are driven by the zip code of the property, allowing for refinements down to current conditions in a particular neighborhood.

Access to Real Estate Multiple Listing Services; on-line connections to MLS cooperatives throughout most of Southern California allow us to gather up-to-the-minute information on property sales and current listings. These data sources are updated continuously and historical data is maintained in our library.

In addition to our in-house data systems we interview, by telephone or in person, real estate brokers, property owners, buyers and sellers of property, and tenants, as well as governmental and non-governmental entities having jurisdiction or influence in current market trends and attitudes. We then analyze and reconcile the collected data to form our opinion of value.

## **SALES AND LISTING HISTORY OF SUBJECT**

The subject property is currently owned by Burbank Entertainment Village LLC, but is expected to be conveyed to Burbank Collection Ltd. on or before September 30, 2005. Based on a review of public records, the subject property has not been sold or listed in the last five years.

We are aware that the subject property is currently subject to a Purchase Contract dated June 17, 2003 by and among Burbank Entertainment Village, LLC, Champion Realty, Ltd. and American Multi-Cinema, Inc. We have reviewed this Purchase Contract and its three subsequent amendments dated April 27, 2004, May 28, 2004 and December 2, 2004. The purchase price under the original contract was initially \$5,000,000 but was reduced to \$4,600,000 by the second amendment and further reduced to \$3,357,652 by the third amendment. Due to the complicated nature of this transaction and the various covenants imposed on all parties to the contract, this purchase price is not considered to be representative of the subject property's fair market value.

## **MARKETING TIME**

In assessing the subject's expected marketing time, we are assuming that the subject will be professionally marketed through a qualified broker or owner, that the property will be listed at a reasonable asking price with an owner willing to accept a reasonable offer, and that the buyer and seller will not be influenced by undue stimuli. At the present time, we are unaware of any new developments expected to occur in the near future which would negatively or positively affect the marketability of the subject compared to recent trends of competitive properties in the area. Marketing time in the subject area, based on current supply and demand, is typically within 5 months.



## REGIONAL ANALYSIS

Los Angeles County is the most economically, geographically and culturally diverse county in the State of California. It is the largest standard metropolitan statistical area (SMSA) in the United States and encompasses over 4,050 square miles. The County is bordered by Ventura County to the northwest, Kern County to the north, San Bernardino County to the east, Orange County to the southeast, and the Pacific Ocean to the west. The County's land area offers a variety of terrain, including mountains, deserts, islands and coastal shores and beaches.

The County's physical features, both natural and manmade, include mountains, freeways and waterways, including 81 miles of coastline. These features have geographically partitioned the County into various submarkets, which have themselves been further subdivided. Areas in Los Angeles County, typically referred to by common name and with a high recognition factor include: the Palmdale-Antelope Valley, the San Fernando Valley, Downtown, Hollywood, the San Gabriel Valley, the Los Angeles Basin, the Long Beach and San Pedro port areas, the South Bay, and the Westside.

The physical, financial and governmental hub of Los Angeles County is the City of Los Angeles. In addition to being the site of the City government, it is the seat of the Los Angeles County government, which consists of five elected supervisors with a rotating chairman. The County maintains its own police and fire departments, sanitation district, sewer and water departments, and legal department. Traditional mandatory services include law enforcement, property assessment, tax collection, public health protection, public social services and relief to indigents. Among the specialized services are flood control, water conservation, parks and recreation, and many diversified cultural activities. There are 88 cities within the County, each with its own city council. All of the cities, in varying degrees, contract with the County to provide municipal services. Thirty-seven contract for nearly all of their municipal services.

As noted, various submarkets within the County are themselves subdivided by natural and manmade barriers, as well as by specific areas of interest. Many districts are located in the City of Los Angeles, and include: Hollywood, which is typically referred to as the "Nation's Film Capitol" and Koreatown, located just west of the downtown business district. The core of Koreatown is located between Wilshire and Olympic Boulevards. Other districts include the mid-Wilshire district, which is a commercial corridor that runs west from downtown Los Angeles to Fairfax Avenue; Beverly Hills; Westwood, further west of downtown, which is the location of the University of California Los Angeles (UCLA) and is a thriving business district in its own right. Past Westwood is the incorporated City of Santa Monica, which has seen an increase in businesses locating there in recent years.

Southwest of the Los Angeles central business district is the region of South Bay, with Los Angeles International Airport as its focal point. This area also includes the incorporated cities of El Segundo, Torrance, Manhattan Beach, and Inglewood. The South Bay is a major office and industrial submarket, with a concentration of businesses in the aerospace and defense-related industries.

To the south are the Gateway Cities with the ports of San Pedro (a community of the City) and Long Beach. These two ports are the largest transshippers of raw and manufactured goods in the United States. The ports are able to ship to, and receive goods directly from, Pacific Rim countries, which not only include traditional trading partners such as Japan, Taiwan and Hong Kong, but newly emerging manufacturing nations such as Korea, Singapore, Vietnam, Thailand and the People's Republic of China.

To the southeast of the downtown area is the Los Angeles Basin, where industrial and manufacturing cities such as Vernon, the City of Industry and the City of Commerce are located. Businesses here participate in a wide variety of ventures, including meatpacking and steel manufacturing.

To the east and northeast is the San Gabriel Valley which includes Pasadena and Glendale (both major office submarkets), West Covina and Pomona, where the Los Angeles County Fairgrounds is located.

To the northwest is the San Fernando Valley, which includes the incorporated City of Burbank, and the communities of Studio City, Sherman Oaks, Encino and Woodland Hills. These highly distinct communities are within the City of Los Angeles. Historically retail and office centers have located along Ventura Boulevard, a major east-west thoroughfare running along the southern edge of the valley; however, more growth is occurring north of Ventura Boulevard as the population increases.

To the north is the Antelope Valley. Communities in this area, such as Lancaster, Palmdale and Santa Clarita, are experiencing rapid growth as they attract industries needing more space and homebuyers seeking more affordable housing and sites to build.

Connecting these various submarkets within the County is the most extensive freeway system in the United States. The primary freeways in the County are Interstate 5, which runs from the Mexican border to the State of Oregon, and Interstate 10, which connects Arizona to the Pacific Coast. Interstate 5 is the major north-south freeway in the state, while Interstate 10 is the major east-west traffic carrier. Other freeways include: the Harbor (110), the Ventura (101), the Hollywood (134), the San Diego (405), the Long Beach (710), the Foothill (210), the Simi Valley (118), Artesia (91), Anderson (105), and the San Gabriel River (605). In addition there are numerous state-maintained routes that are capable of carrying high traffic concentrations.

Public transportation is provided primarily by the Metropolitan Transit Authority (MTA) and is supplemented by local bus companies in several communities. The MTA operates a light rail link from downtown Los Angeles to Long Beach in the south, to the LAX Airport, and the recently opened link to Pasadena. Current expansion projects include lengthening the San Fernando Valley line out to Warner Center and a new line from Chinatown to East LA. The Union Pacific Railroad provides rail transportation for freight and goods, while AMTRAK provides both long and short-haul public rail transportation.

## **The Economy**

The diversity of its industrial and economic base has long been the key to Los Angeles County's economic strength. In recent years there have been changes in the industries that drive the regional economy. Historically the county has had a three-tiered base economy of aerospace, entertainment and tourism. The economy is now driven by 16 based industries, ranging from professional business services and apparel manufacturing to petroleum production. LA has about 210,000 small businesses, which is nearly twice as many as any other region in the country. At the same time, LA is also the international headquarters for many large corporations such as ARCO, The Walt Disney Company, Hughes Electronics, Hilton Hotels, Mattel, Occidental Petroleum, Blue Cross, Health Net and Litton Industries. Tourism remains strong in the region, attracting tourists from all over the world to Hollywood, Disneyland, Southern California beaches, etc.

Vacancy rates for housing in Los Angeles County are extremely low. Developers are constantly searching to find sites large enough for additional construction, and the solution often includes redevelopment of existing sites. As for commercial development, the Staples Center in downtown Los Angeles, completed in September 1999, is now the permanent home arena for the NBA's Los Angeles Lakers, Clippers and the NHL's Kings, as well as the host facility for numerous concerts and special events. The Hollywood & Highland Center, which opened in November 2001, consists of a 3,300 seat auditorium for the Academy Awards, a four star hotel by Marriott, and various shopping and entertainment venues. The Disney Concert Hall in downtown Los Angeles opened in December 2003 and is already a world-renowned venue for performers and patrons alike.

Industrial development continues to expand in the Los Angeles Basin. One factor that has greatly encouraged this growth is the Alameda Corridor Project. Commencing on April 15, 2002 the Alameda Corridor opened a 20-mile freight rail expressway between the ports of Long Beach and San Pedro to the transcontinental rail yards and railroad mainlines near downtown Los Angeles. Not only did this cut commute time in half for freight trains, it has more than tripled the amount of freight traffic that can pass through the area.

The U.S. Department of Labor reported an unemployment rate of 8% in 1995 that followed a steady decline through 2000 to below 5%. The year 2001 felt a sharp increase, rising to just under 7%, where it remained through 2002 and 2003. Since that time, the unemployment rate has again followed a steady decline to the 5.8% level which was recorded in February of 2005. According to the Los Angeles County Economic Development Corporation the top five employment sectors are direct international trade, tourism, motion picture/TV production, wholesale trade & logistics and technology. The technology field is seeing a flourish in bio-med, digital information and environmental technologies, as well as in a new area synthesizing technology with creative resources. Los Angeles is also the nation's major manufacturing center.

## Demographics

Los Angeles County has the largest population (10,179,716 as of July 2004) of any county in the nation, and is exceeded by only eight states. Approximately 28 percent of California's residents live in Los Angeles County. The population in Los Angeles County is expected to increase to 12,800,000 by the year 2020 according to a study released by the Southern California Association of Governments (SCAG). Each of the major submarkets in Los Angeles County is anticipating a substantial increase in population.

## Residential Market

Since June 2003 year-over-year home prices in LA County have risen at least 20%. March of 2005 saw home values reach a record median price of \$460,000. For Los Angeles County, this median price is 19.5% higher than the median sale price of March 2004. Condominium sales saw a median price of \$360,000, up 16.1% from March of 2004. The number of sales in March 2005 was recorded at 32,674 closed transactions, the second strongest March sales since 1987. Tight inventory has led to multiple offers being made for properties in some neighborhoods. And as home prices continue to rise, buyers who have been priced out of this market are increasing the demand for condominiums.

RESIDENTIAL REAL ESTATE ACTIVITY											
United States											
	2002	2003	2004	03Q1	03Q2	03Q3	03Q4	04Q1	04Q2	04Q3	04Q4
Total Permits (year-to-date)	1,728,556	1,862,365	2,024,211	391,197	899,481	1,403,731	1,862,365	444,236	1,012,069	1,545,402	2,024,211
% Chg Year Ago	7.3%	7.7%	8.7%	3.9%	5.6%	7.5%	7.7%	13.6%	12.5%	10.1%	8.7%
Single Family Housing Permits	1,321,145	1,443,604	1,572,522	302,258	703,410	1,098,811	1,443,604	350,245	802,787	1,219,842	1,572,522
% Chg Year Ago	8.2%	9.3%	8.9%	3.8%	6.3%	9.0%	9.3%	15.9%	14.1%	11.0%	8.9%
Multi Family Housing Permits	407,411	418,761	451,689	88,939	196,071	304,920	418,761	93,991	209,282	325,560	451,689
% Chg Year Ago	4.6%	2.8%	7.9%	4.2%	3.0%	2.7%	2.8%	5.7%	6.7%	5.9%	7.9%
Median SF Home Prices (NSA)											
% Chg Year Ago											
Existing Home Sales (NSA)											
% Chg Year Ago											
California											
	2002	2003	2004	03Q1	03Q2	03Q3	03Q4	04Q1	04Q2	04Q3	04Q4
Total Permits (year-to-date)	158,488	192,273	207,944	45,443	95,829	143,814	192,273	47,474	104,092	156,076	207,944
% Chg Year Ago	10.4%	21.3%	8.2%	34.0%	30.1%	24.9%	21.3%	4.5%	8.6%	8.5%	8.2%
Single Family Housing Permits	120,783	140,512	150,710	32,477	70,909	106,300	140,512	35,982	78,426	117,532	150,710
% Chg Year Ago	13.7%	16.3%	7.3%	27.8%	22.1%	17.7%	16.3%	10.8%	10.6%	10.6%	7.3%
Multi Family Housing Permits	37,705	51,761	57,234	12,966	24,920	37,514	51,761	11,492	25,666	38,544	57,234
% Chg Year Ago	1.1%	37.3%	10.6%	52.4%	69.8%	51.3%	37.3%	-11.4%	3.0%	2.7%	10.6%
Existing Home Sales (NSA)											
% Chg Year Ago											
Los Angeles County CA											
	2002	2003	2004	03Q1	03Q2	03Q3	03Q4	04Q1	04Q2	04Q3	04Q4
Total Permits (year-to-date)	16,407	20,761	27,429	4,728	9,977	15,078	20,761	5,642	13,467	19,031	27,429
% Chg Year Ago	-9.4%	26.5%	32.1%	59.3%	45.2%	25.9%	26.5%	19.3%	35.2%	26.2%	32.1%
Single Family Housing Permits	8,182	10,234	11,964	2,335	5,127	7,685	10,234	2,660	5,968	8,966	11,964
% Chg Year Ago	-2.1%	25.1%	16.9%	39.2%	29.4%	24.5%	25.1%	13.9%	16.4%	16.7%	16.9%
Multi Family Housing Permits	8,225	10,527	15,465	2,393	4,850	7,393	10,527	2,982	7,519	10,065	15,465
% Chg Year Ago	-15.8%	28.0%	46.9%	85.5%	66.6%	27.4%	28.0%	24.6%	55.0%	36.1%	46.9%
Median SF Home Prices											
% Chg Year Ago											

NSA = Not Seasonally Adjusted

Source: Bureau of Census, National Association of Realtors (Haver Analytics)

Permit data is New Privately Owned Housing Units Authorized

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With the increase of demand, new home starts have accelerated. As seen in the chart below provided by the National Association of Realtors, housing starts have increased dramatically in the county between 2002 and 2004, far surpassing the national and state percentages of activity.

Development of rental properties, on the other hand, is decreasing. The April 15, 2005 edition of the Los Angeles Business Journal recorded a widespread consensus among developers to hold off on building rental properties. Citing rising land costs and construction costs, developers state that the building of apartments no longer is financially sound. Apartment rents have only increased 3.3% in the last year, which cannot compete with the 25% rise in value of condos in the same amount of time. New developments are properties built to sell, so that costs can be incorporated into selling prices. Los Angeles County currently has rental occupancy at 97%, and this saturation may become tighter until developers and buyers can again realize profit in developing rental properties.

Downtown Los Angeles has seen a flurry of residential development. In the February 21, 2005 issue of Downtown Los Angeles New one article documented 122 new developments taking place in all sectors of Downtown. Greatest activity is happening in areas known as Historic Core, South Park and Financial District where defunct buildings are being refurbished into residential units with state-of-the-art amenities. A recent survey showed that half of the units would be sold, half would be rented, and, of the current residents moving in, the median household income would be \$90,000. Such a trend is converting downtown Los Angeles into the trendy urban living area similar to the refurbished districts of New York City.

## **Retail Market**

The majority of regional malls are anchored by national retailers such as Nordstrom, Macy's, Robinsons-May, J.C. Penney, and Sears. In addition there are several "outlet" malls, where manufacturers sell directly to the consumer. There are innumerable community and neighborhood shopping centers that are anchored primarily by grocers such as Vons and Ralphs, as well as "power centers" that are built around Costco, Sam's Club or Walmart. Los Angeles County is also the site of one of the most exclusive and prestigious shopping areas in the country: Rodeo Drive in Beverly Hills. Newer, trendier retail shopping areas such as Melrose Avenue, Hollywood, Old Town Pasadena, and the Third Street Promenade in Santa Monica, attract both tourists and locals.

However, as land becomes more scarce, and the entitlement process takes longer and becomes more expensive, mall operators are concentrating on retaining core occupants and upgrading and expanding existing facilities. As always, there will be some fallout of marginal operations, including both malls and stores.

## **Office Market**

The Los Angeles County office market is concentrated in several submarkets throughout the region: Downtown Los Angeles, the Westside (including Century City), the South Bay, and the San Fernando Valley. There are also several suburban markets that have established themselves as viable office market areas, including Pasadena, Burbank, Glendale, and Valencia.

In the first quarter of 2005, CB Richard Ellis published market trends on office space throughout the county. They found the lowest vacancy rate for Class A and B spaces was in San Gabriel Valley, at 6.1%, and highest in South Bay, at 20.5%. Overall the county has a vacancy rate of 12.6%. New construction is primarily taking place in Burbank/Pasadena, San Fernando Valley and West Los Angeles. The highest asking rates for leases were found in West Los Angeles, at an average of \$2.64 per square foot for Class A space and \$2.14 per square foot for Class B space. The lowest asking rates were in the Hollywood/Wilshire Corridor area, averaging \$1.74 for Class A space and \$1.58 for Class B space. In conjunction, West Los Angeles has the highest net absorption, and Hollywood/Wilshire Corridor had the lowest. Overall the county's average asking lease rates were as follows:

Class A:	\$2.31 per square foot
Class B:	\$1.75 per square foot
Overall:	\$2.16 per square foot

With vacancy decreasing and lease rates increasing, experts are expecting to see new development and build to suit activity in select markets to satisfy the demand.

## **Industrial Market**

Though the vacancy rate for industrial space has increased slightly over the past year, lowering the net absorption in the Los Angeles area, demand remains high, as seen in increasing sales and lease rates. Barbara Emmons, Executive Vice President of the Glendale CB Richard Ellis office, stated, "Vacancies [in the first quarter of 2005] in the Los Angeles region are at all time lows, and there's a significant lack of available land throughout the region. Land values have continued to spike; and increased construction costs make new development cost-prohibitive in many areas. Industrial land prices are also increasing due to competition from alternative uses, including residential and retail conversions."

CB Richard Ellis found that industrial vacancy has seen a general trend of decreasing since 2001. Lease rates fell from 2001 to 2002 but have risen and surpassed previous highs since that time. As of the first quarter of 2005, the current vacancy rate was at 2.3%, and the average lease rate was \$0.54 per square foot. Construction activity rose during 2004 from 7.8 million square feet in the first quarter to 9.7 million square feet in the fourth quarter. Activity has since declined to 7.2 million feet in the first quarter of 2005. The South Bay area currently leads the county with 2.8 million square feet under construction, half of which is located in Carson. Though the trends of vacancy, availability, lease rates and activity are mixed, they still point to a strong industrial market throughout Los Angeles County.

## **Conclusion**

If considered a nation, Los Angeles County would be the sixteenth largest economy, falling between the Netherlands and Taiwan and ahead of such countries as Argentina, Switzerland and Belgium. If the county of Los Angeles was compared to a state, it would rank as the ninth most populated state, just behind Michigan. And in terms of size, the county is 800 square miles larger than the combined area of the states of Delaware and Rhode Island. These few facts alone prove that Los Angeles County is a daunting region, powerful in its own right. What affects Los Angeles will affect the world. Even with respect to the city alone the Encyclopedia Britannica 2000 has affirmed its influence: "Perhaps no other city in modern times has been so universally envied, imitated, ridiculed, and because of what it may portend, feared."

## MARKET AREA ANALYSIS

The subject property is located on the northeast corner of East Palm Avenue and First Street. First Street is a secondary, commercial, asphalt street in the central part of the City of Burbank, which has a population of 106,739 and encompasses 17.3 square miles. The subject property is located in downtown Burbank central business district. The area is a commercial market area which was originally developed in the early 1900's. The land use on First Street is exclusively commercial. Buildings in the area are used for entertainment, retail, restaurants, offices, personal services and banking. It is estimated that approximately 1% of the land is vacant and available for development into commercial and residential uses. Over the last 10 years, the area has seen considerable redevelopment. Given the current economic trends in the area, it is anticipated that a change in use of properties will occur in the foreseeable future from commercial to a mix of residential and commercial uses.

### *City of Burbank Profile*

The City of Burbank began as two separate ranches under the Spanish government: the Rancho San Rafael, granted to Jose Maria Verdugo in 1798, and the Rancho La Providencia, the site of a military skirmish in 1845 that led to installation of Pio Pico as the Spanish governor. In 1867 Dr. David Burbank bought 4,000 acres from the descendants of Verdugo and the current owners of the Rancho La Providencia. His ranch, known as "Burbank," became a successful sheep ranch. Burbank later sold a right of way to the Southern Pacific Railroad, bringing the first railroad to the area in April of 1874. In 1887 Dr. Burbank sold his holdings to the Providencia Land, Water and Development Company, which laid out a business district and opened the tract for sale on May 1, 1887, thus bringing the town of Burbank into being. In 1911, with a population of 500, voters approved incorporation.

In addition to the residences, farms and vineyards that sprang up in the area, the region also attracted major industries. In the mid-1920's Lockheed bought the area of Burbank known as "Turkey's Crossing" and built a plant for the production of its planes. This was a great boon for the city during World War II as the Lockheed plant became a major production center in the war effort. The city also attracted entertainment companies in the 1920's. First National Pictures bought 78 acres for its site, which was later purchased by four brothers and developed into a major motion picture studio under the name of Warner Brothers. Columbia Pictures and Walt Disney also purchased property in Burbank in the 20's and 30's. Several decades later television also located in Burbank when the National Broadcasting Company moved into the area. The city now hosts numerous media production companies and facilities.

Burbank has continued to grow since that time in spite of fluctuations in the economy and business climate. The city of Burbank currently covers over 17 square miles and includes the neighborhood known as Toluca Lake. The city is located 12 miles north of the downtown area of the City of Los Angeles. The 2000 US Census tallied a population of 100,316 with a median age of 36. The Los Angeles Almanac estimates a 2005 population of 106,739. In the 2000 census over 42,000 housing units were recorded with close to 40% of these being owner occupied. Of the 50,000 employed civilians over 16 years of age, 40% of these were in



management or professional occupations. The median household income was greater than \$47,000, and the median per capita income was just under \$26,000. The city offers its own police and fire protection, library system, school district and parks and recreation department. As Burbank also runs its own electric and water utilities, it is able to keep rates equal to or lower than surrounding communities.

Burbank is bisected by Interstate 5 with more than 200,000 cars per day passing through downtown Burbank en route to and from Los Angeles County destinations. Highway 134 runs along the southern edge of the city and connects the San Gabriel Valley with the San Fernando Valley. Burbank is home to the Bob Hope International Airport, former site of the Lockheed airport and facilities. It services approximately 5 million passengers a year on six major carriers with more than 75 flights per day. Local commuters also frequent the Burbank Regional Intermodal Transportation Center (RITC) which is a stop for two Metrolink lines, numerous bus lines and provides a large parking area for Interstate 5 commuters to park and ride.

Businesses in Burbank have the distinct advantages of no city income tax and no gross receipts tax. This "pro-business" attitude has lured many corporations to the area, 600 of which are media related, such as ABC Television, BBC America, Dreamworks, Rhino Records, Nickelodeon and Clear Channel Communications. Retail sales in Burbank have recently ranked in the top 10% of all 88 Los Angeles County Cities, even surpassing cities such as Beverly Hills. The city's per capita income retail sales are double those of Los Angeles County, mostly due to three major retail powerhouses: IKEA, a total of 30 AMC Downtown theater screens and the Media City Center mall.

Of the five zip codes subdividing Burbank, four contain residential properties. In the month of May 2005, the median prices for home sales by zip code ranged between \$555,000-717,000, representing a price increase of 8.7 to 28.1% over sale prices from May 2004. Condominium sale prices in May of 2005 ranged from \$345,000-501,000, representing a price percent change range from -13.8 to +32.5% from May 2004.

### ***Downtown Burbank***

Downtown Burbank, which is located one mile north of the Interstate 5 and Highway 134 interchange, has 5 million square feet of new and adaptive-reuse retail, office and residential development. There are currently 160 existing retail stores and 70 restaurants and eateries. Gross sales in 2002 topped \$650 million. Foot traffic in the area averaged 25,000 people per day, or 8.5 million people per year. Within a three mile radius approximately 100,000 daytime office workers populate the area, most of whom are high-income, media related personnel. Two major corporations housed downtown are the Cartoon Network and Holiday Inn.

Downtown Burbank is naturally divided into three districts: the Mall District, the Village District and the Civic District. The Mall District houses the indoor and outdoor shopping areas of Media Center Mall and contains the major retailers of Macy's, Sports Chalet, Virgin Megastore and IKEA. The Village District is a pedestrian-friendly, outdoor shopping neighborhood lined with shops, offices, lofts and restaurants. Major retailers in this district are AMC 16, Urban Outfitters, Market City Caffe and Skyblupink. The Civic District houses the

government core of the city, including City Hall, Fire and Police Headquarters and County Courts.

### ***Redevelopment***

Formed in the 1970's, the Burbank Redevelopment Agency identified key areas in the city to remove blight and revitalize them with new office, retail and commercial ventures, as well as affordable housing units. In December 2004 three major projects were combined into one: the City Centre, South San Fernando and Golden State Redevelopment Project areas. A fourth project, the West Olive Redevelopment Project area, continues to stand alone. Approximately 2,000 acres of land is covered by these four projects. Another project, known as The Cottages, was completed in July 2003 offering apartments at market rates and at levels conforming to the State of California's affordability guidelines.

The subject is located in the City Centre Redevelopment Project Area which has several phases. The first phase included a 16 screen AMC movie theater, retail and restaurant space was completed in June 2003. The second phase, located just south of Phase I, will include parking, residential, retail and restaurant space. Another project in the pipeline will redevelop the area know as the "old police block" with a mixed-use project. The City Centre Redevelopment Project Area is located between Glenoaks Boulevard and the Golden State Freeway and between Burbank Boulevard and Verdugo Avenue.

The South San Fernando Boulevard Project Area includes the South San Fernando Boulevard Streetscape Project, a park and community school site, commercial sites, mixed use projects and two housing projects, the Burbank Senior Artists Colony (under construction) and the United Cerebral Palsy Independent Living Facility. Phase I of this project will focus on opportunity sites, and Phase II will focus on primary commercial corridors, such as South San Fernando Boulevard, Olive Avenue, Victory Boulevard and Flower Street.

The Golden State Redevelopment Project Area announced the completion of the Burbank Empire Center, covering 103 acres and offering 2 motels and 1,000,000 square feet of retail space, with stores including Costco, the Great Indoors, Sears, Target and Best Buy. A second development is the Media Studios North, an office development of 600,000 square feet, which is being developed in three phases. The Golden State Project area also includes land surrounding the Bob Hope International Airport, which will see the conversion of airport and industrial uses into office, retail and high-tech uses.

The West Olive Redevelopment Project Area is located in Burbank's media district. One project is the Pinnacle, Phase I of which is completely leased to top entertainment industry companies. Phase II, currently under construction, will add 185,000 square feet of office space to the existing 400,000. Across the street from the Pinnacle a new project, the Bob Hope Center, is in development with office, theater, restaurant and museum uses. A mixed use project, the Burbank Media Center, has also been proposed for this area to include office, residential, restaurant and religious facility uses.

## **PROJECT SUMMARY FOR THE COLLECTION AT DOWNTOWN BURBANK**

Led by Champion Development Group, The Collection at Downtown Burbank will be located on a 1.92 acre block at the south east corner of First Street and Palm Avenue in the heart of Downtown Burbank. The majority of the project's retail frontage is on Palm Avenue, a walking street that separates the site from the entrance to AMC's new 16 screen theater. According to AMC, this theater is consistently in the top four highest grossing theaters in the nation. The site is also surrounded by many national retailers including IKEA, Barnes and Noble, Macy's, Mervyns, Sears and Ross.

The Collection has been approved by the City of Burbank as Planned Development No. 2003-2 pursuant to the Development Agreement between the City of Burbank and Champion Realty, Ltd. dated January 19, 2005 (attached hereto as Exhibit 5). The Collection will be a five-story mixed-use project. It is anticipated that the project will have one level of entertainment oriented retail and restaurant space (up to 50,000 square feet) with four levels (plus mezzanine) of residential for-sale condominiums with approximately 118 units, and a 723 car, five-level parking facility. The project will also include six temporary kiosks on Palm Avenue and significant advertising signage throughout. The retail portion of the project will be Type I construction (fire resistive) and the residential portion will be Type III construction (ordinary masonry). Construction is scheduled to commence in November, 2005 with seventeen months to complete the parking portion and twenty-four months to complete the balance of the project. Although the project will be initially constructed under the single ownership of Burbank Collection, Ltd., it will be divided into separate condominium ownerships upon completion. Consequently, although the project must be designed as an integrated mixed-use project, with each component contributing to the success of the other components, the project must be designed so that each component can stand alone under separate ownership.

The retail component of the project will be located on both the First Street frontage at grade level and the Palm Avenue frontage at grade level. This is possible because the site slopes down from east to west approximately 20'. The developer is seeking a retail and restaurant tenant mix that will make this pedestrian arcade a retail and entertainment destination for Burbank and the surrounding communities. Although the retail and restaurant tenants may be chains, it will be the chain's only store in Burbank and they will be required to create a "flagship" presence inside their store. The residential condominium component of approximately 118 residential units is expected to consist of a mix of lofts and flats surrounding three center courtyards. The units as currently conceived range between 630 and 2,080 square feet. The anticipated price range for the units will range between approximately \$270,000 - \$850,000. The parking component will consist of a 723 car, five-level parking facility with three subterranean levels. It is anticipated that there will be 209 open parking spaces for the use and benefit of the Commercial Unit owner(s), their tenants, employees, customers, guests and open public parking; 236 parking spaces for the owners and occupants of the Residential Units; and 278 public parking spaces to be owned in fee by the City. These preliminary numbers are subject to change as the design plans change.

## LAND DESCRIPTION

The subject site is the location of Phase II of the AMC 16 downtown Burbank Development opposite the completed Phase I theater, retail and restaurant development. A final tract map for the project #062742 is in the approval process; we have assumed the map has been approved as submitted and formally recorded.

Location:	Corner lot
Street:	Public, 86 feet wide on First Street Private, Palm Avenue, a pedestrian walking street
Alley:	None
Parking Access:	From First Street
Access Obstruction:	None
Frontage:	178 feet along First Street 396.51 feet along Palm Avenue Please see plat map for further reference
Shape:	Irregular
Dimensions:	Irregular
Area:	83,622 square feet, gross 54,364 square feet, net per tentative tract map 29,258 square feet, access easements Based on assessor information and tentative tract map
Topography:	Sloping
Geology:	No adverse conditions known
Relation to Grade:	Above and level
Drainage:	Average
Utility:	The site's characteristics make it adequate for development.
Census Tract:	3107.2
FEMA Flood Hazard Zone:	No, Panel #0650180005C, Zone X, 1/20/99
Special Hazards:	Southern California has a history of earthquake activity and we make no representation as to the subject's risk from such future activity.
Utilities on Site:	
Water	Yes
Sewer	Yes
Electric	Yes
Gas	Yes
Telephone	Yes
Storm Drain	Yes
Zone Classification:	Planned Development
Permitted Uses	Mixed use retail, restaurant, residential

Development Standards	Development of the site is based on the conditions included in the Development Agreement 2003-2 between the City of Burbank and the developer, Champion Realty, Ltd.
Reciprocal Easements:	Through existing parking and public access to parking
Easements:	Standard utility easements are assumed; no other easements were observed

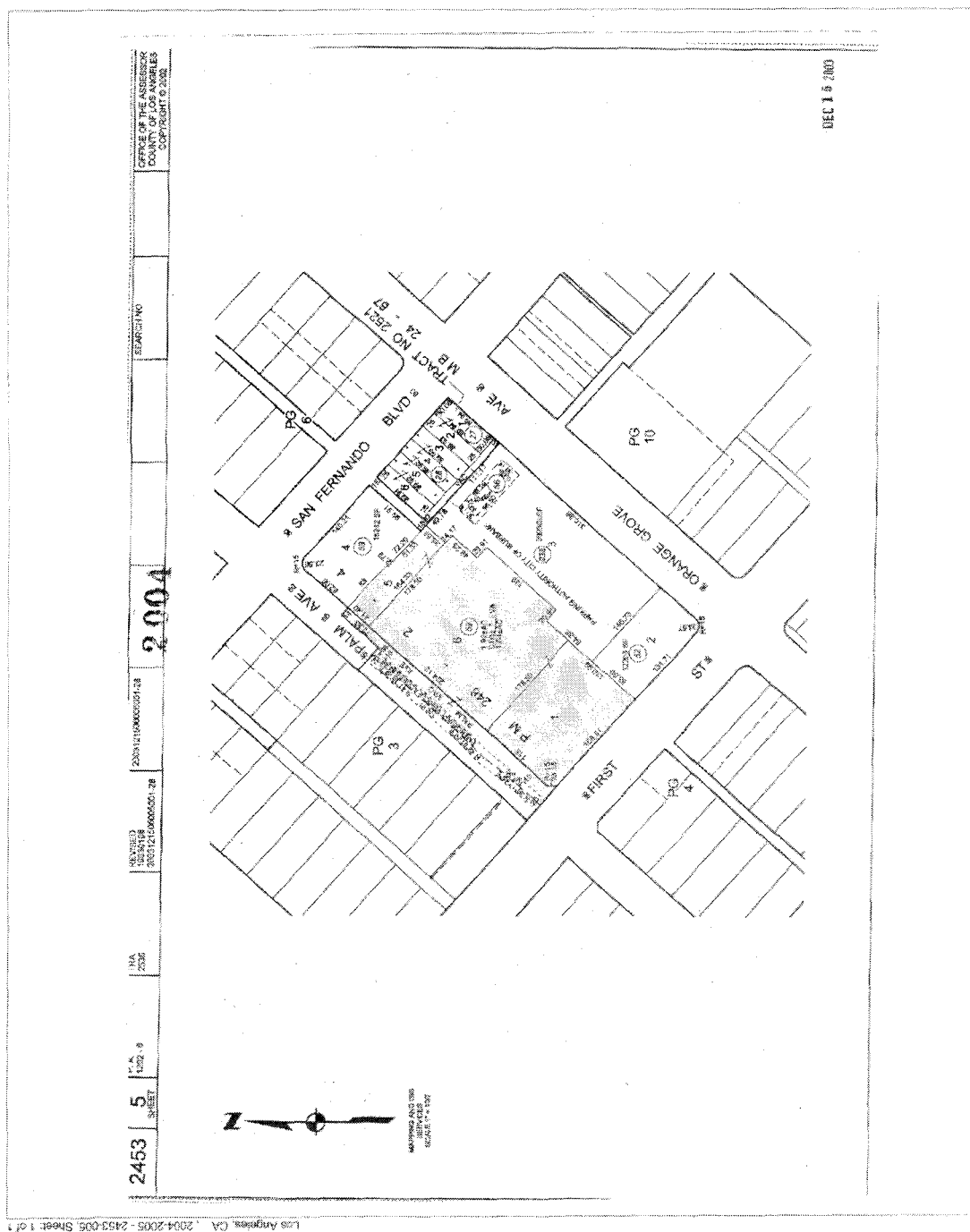
We have reviewed the preliminary title report prepared by Stewart Title Company of California, dated April 5, 2005 regarding the subject property. In addition to typical utility, access easements and encroachment permit agreements the title report specifically references that the subject property is located within a project area of "The City Centre Redevelopment Project" and that all development of the site will proceed only after the adoption of a redevelopment plan. A development agreement was recorded between the City of Burbank and Champion Realty, LTD (Planned Development No. 2003-2) on January 19, 2005. Further, the title report notes that the subject property is located within the boundaries of the community of Burbank parking authority and is subject to future or pending assessments.

We have assumed that all references noted in the title report would be resolved in accordance with the development agreement. Therefore, in our opinion, the value of the subject property as described in this report for the development of commercial space and required parking is not adversely affected.

## ENVIRONMENTAL CHECKLIST

Current Use:	Vacant
Presence of	
Underground Storage Tanks:	None noted or observed
Stained Soil:	None noted or observed
Vegetation Damage:	None noted or observed
Oily Surface Water:	None noted or observed
Discarded Batteries:	None noted or observed
Oil Drums:	None noted or observed
Propane Tanks:	None noted or observed
Water Wells:	None noted or observed
Neighboring Property Uses:	Retail, theater and parking structure. These uses do not appear to pose a current environmental risk.

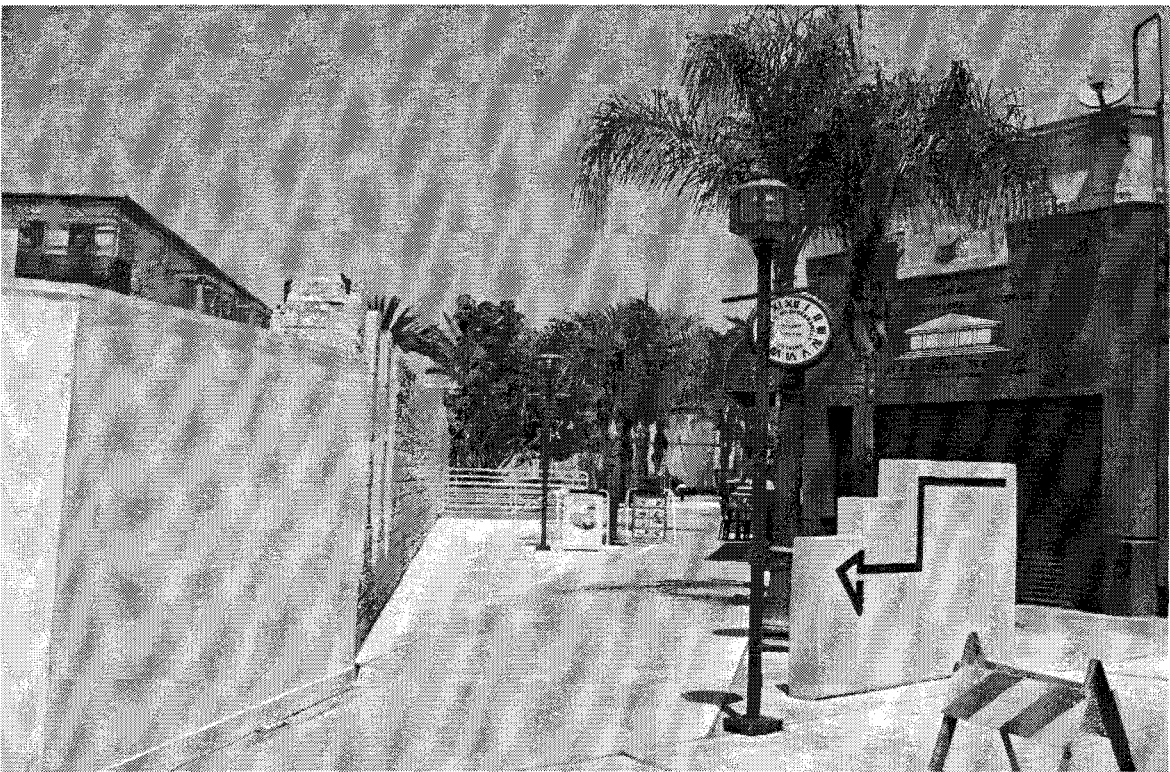
## SUBJECT PLAT MAP



## SUBJECT PHOTOGRAPHS



View of subject site towards 1<sup>st</sup> Street from adjacent parking structure



View to west along north side of subject site





View north on Palm Avenue from 1<sup>st</sup> Street



South on Palm Avenue, subject site on left



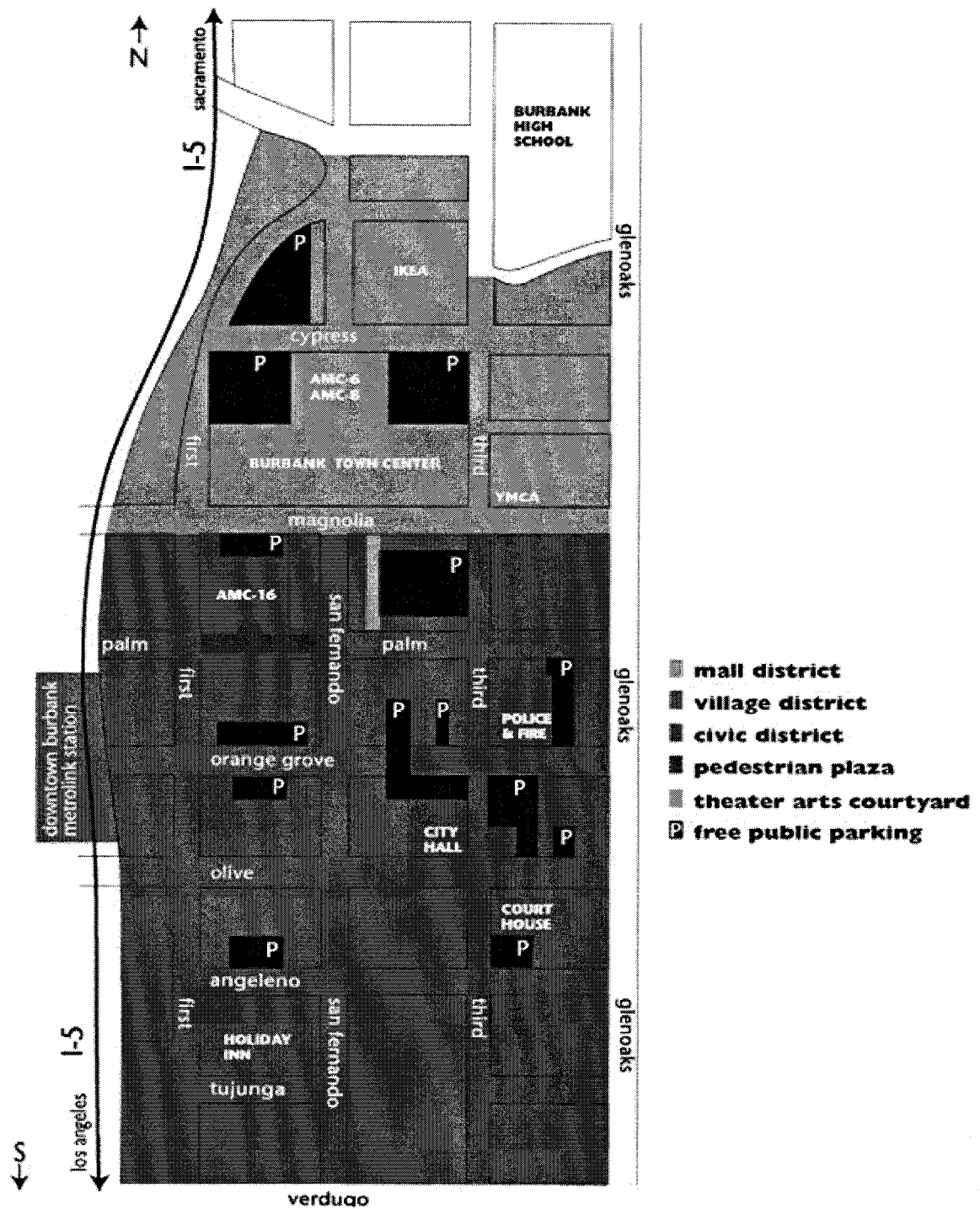


Northwest on 1<sup>st</sup> Street, subject on right



Entrance to AMC 16 on Palm Street, subject site on right





Aerial photo

## HIGHEST AND BEST USE

Highest and Best Use is "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability".<sup>11</sup>

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners.

The following tests must be met in estimating highest and best use. The use must be legal and probable, not speculative or conjectural. A demand for the use must exist, and it must yield the highest net return to the land for the longest period. These tests are applied to the improved and vacant property. To arrive at an estimate of highest and best use, the subject site was analyzed 1) as though vacant and available for development, and 2) as presently improved.

### **Highest and Best Use Assuming a Vacant Site**

#### *Physically Possible Use*

The first constraint on the possible use of the property is dictated by the physical aspects of the site. The size and location of the parcel are the most important determinants of value. In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development. The physical characteristics of the subject site will not impact development.

#### *Legally Permissible Use*

Of particular importance in the analysis of highest and best use of the subject is to determine the legal extent and use to which the site can be developed. Development of the site is restricted by existing zoning regulations and subject to the interpretations by the planning, zoning and/or governing body charged with enforcing said regulations. In addition to these legal constraints, the property may be subject to restrictions placed upon the property by legislative laws, electoral laws, temporary legal restrictions, environmental issues or other possible factors under the public jurisdiction.

In addition to public regulations, the subject may have private restrictions that limit the site's ability to be developed. These restrictions are typically found in the title report which was not reviewed. The preliminary title report provided by Fidelity National Company does not disclose any factors which would impact the subject's market value.

The site is zoned Planned Development 2003-2 and is designated for commercial and residential uses that allow for the development of retail, restaurant, residential uses and parking.

#### *Financially Feasible Use*

In determining which uses are legally permissible and physically possible, we eliminated some uses from consideration. We further analyzed the uses that meet these first two criteria to determine which are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization. We regard as financially feasible all uses that are expected to produce a positive return.

#### *Maximally Productive Use*

Of the financially feasible uses, the highest and best use is that use which produces the highest residual land value consistent with the rate of return warranted by the market for that use. To determine the highest and best use of land as though vacant, an appropriate rate of return reflecting the associated risk is often used to capitalize income streams from different uses into their respective values. The use that produces the highest residual land value is considered to be the highest and best use for the subject.

#### *Conclusion*

Based on our observation of the market and considering the factors above, it is our opinion that the highest and best use of the site, as if vacant, would be to construct a mixed use retail and residential development.

## **APPROACH TO VALUE**

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The comparative analysis in the Sales Comparison Approach focuses on differences in the legal, physical, locational, and economic characteristics of similar properties and the subject property and on differences in the real property rights conveyed, the dates of sale, the motivations of buyers and sellers and the financing arrangements for each sales transaction which can account for variations in prices.<sup>7</sup>



## SALES COMPARISON APPROACH



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### Land Sale 1

1252 South Central Avenue, Glendale, California 91204

Map Reference: 564-E7

APN: 5640-012-007, 034

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24,000 square feet land area

150 ft. frontage

C3 zone

Utilities to site

Level topography

Average(-) location

Average(-) access

Average utility

Sold on July 22, 2005

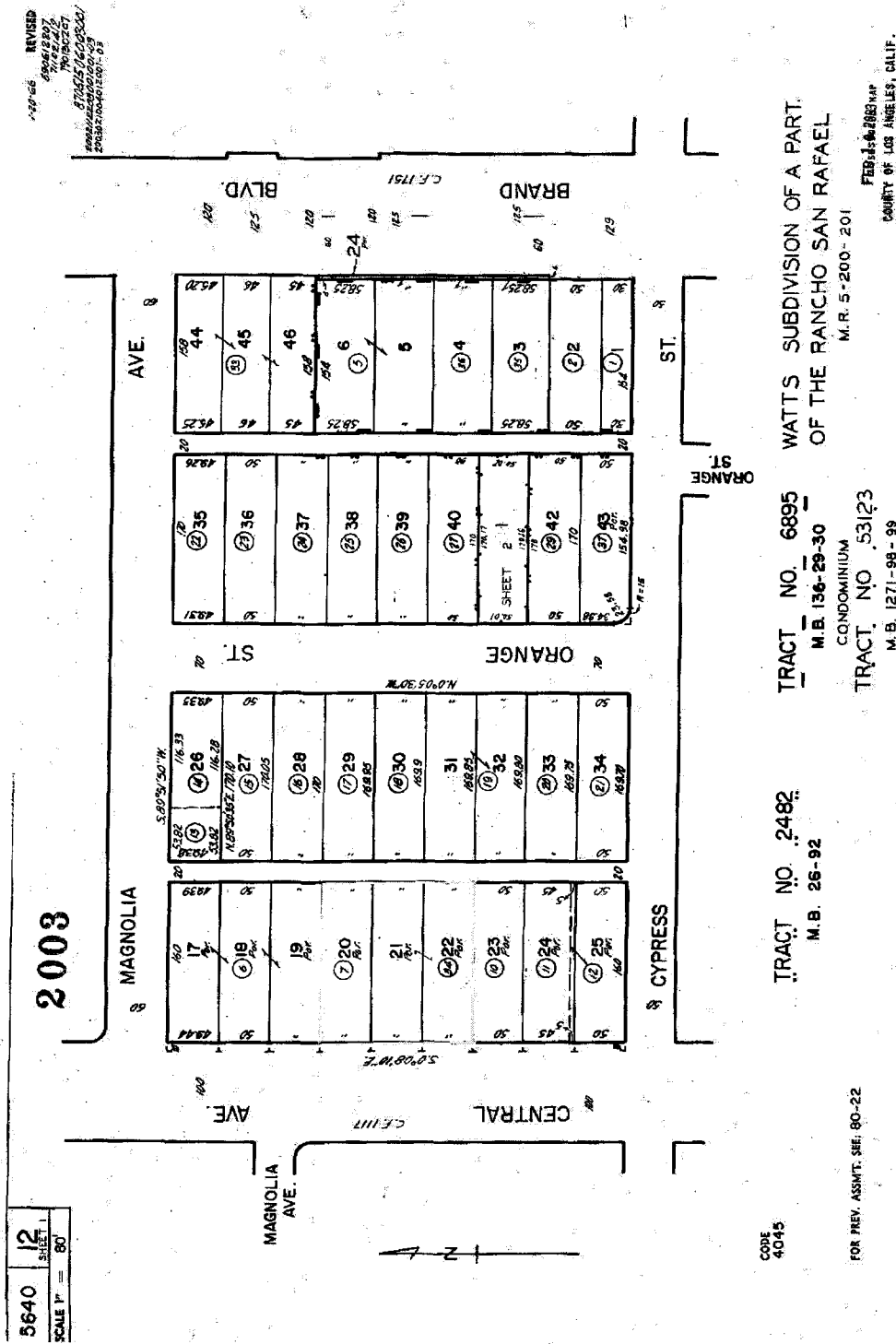
Sold for \$2,200,000

Terms not available

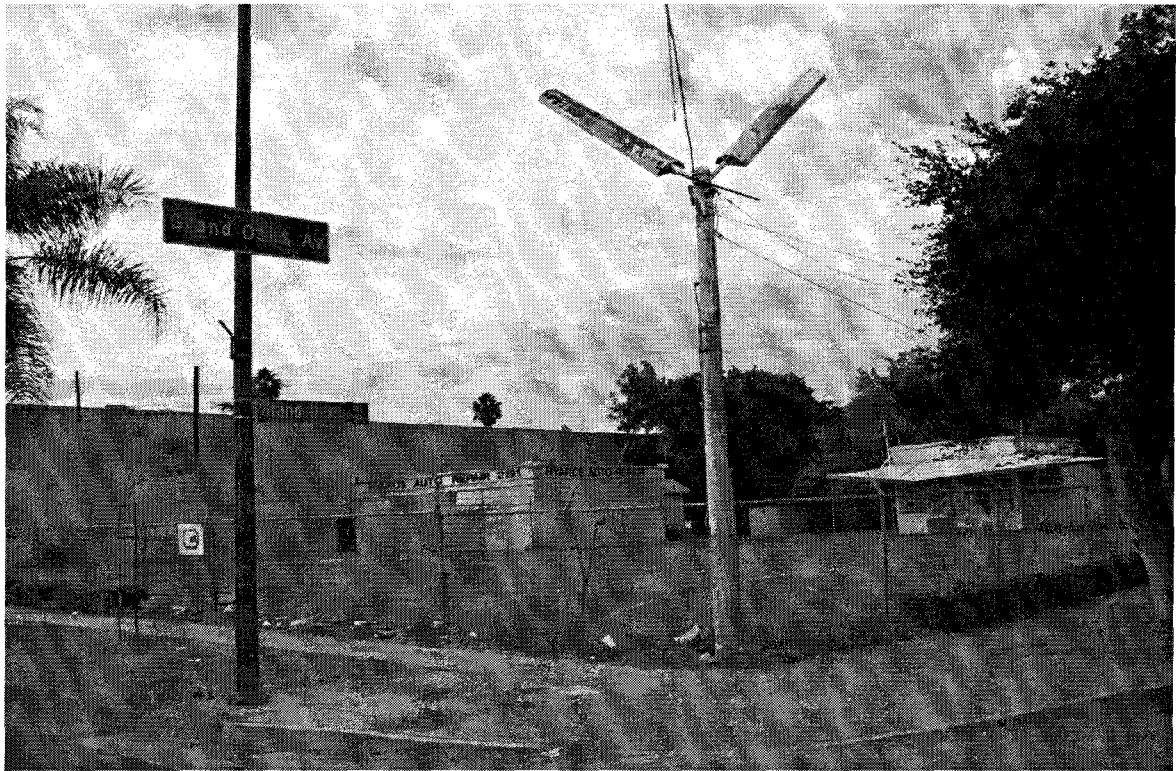
\$91.67 per square foot

This square-shaped interior parcel is located approximately 4 miles southeast of the subject on a secondary street. The grantor was Clarence Brooks Trust, and the grantee was Alfred & Gladys Rodriguez on document number 1736404. This comparable was reported or verified by Win2Data, NDC and CoStar. At the time of sale the intended use was to construct a commercial development. At the time of inspection this site was in the process of being prepared for development.

# LAND SALE 1 PLAT MAP







### Land Sale 2

2191-2193 East Colorado Boulevard, Pasadena, California 91107

Map Reference: 566-D4

APN: 5746-008-044

27,200 square feet land area

200 ft. frontage

CG1 zone

Utilities on site

Level topography

Fair location

Average access

Average utility

Sold on June 17, 2005

Sold for \$2,475,000

\$1,225,000 down

\$1,250,000 1<sup>st</sup> from 1<sup>st</sup> InterBusiness

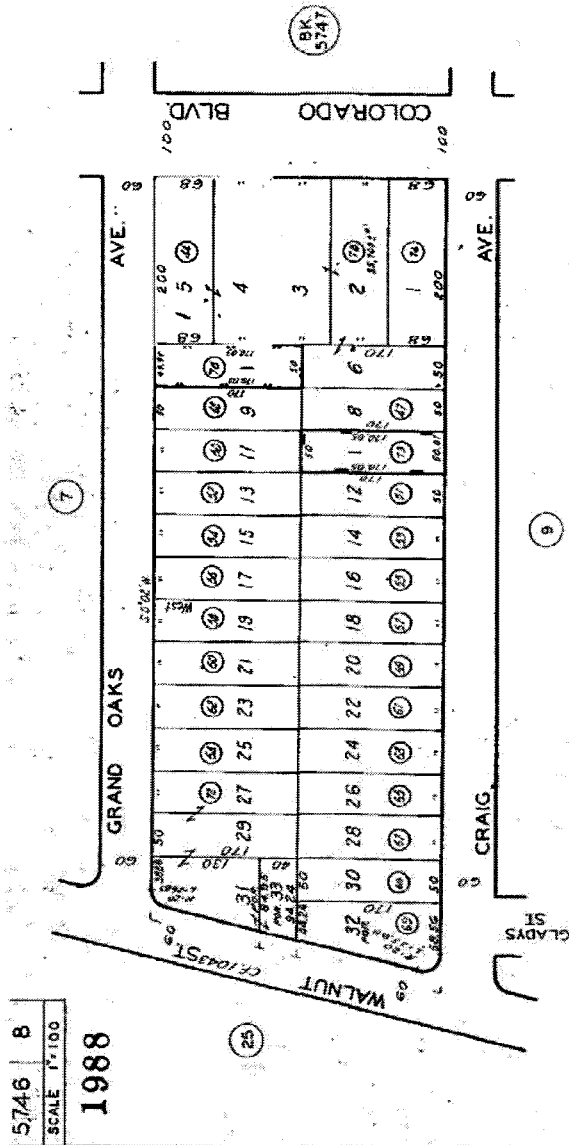
Bank

\$90.99 per square foot

This rectangular-shaped corner parcel is located approximately 7 miles southeast of the subject on a primary street. The property is improved at this time with two small buildings. These improvements are considered to have no contributory value because they will be demolished and the site will be redeveloped. The grantor was Passel Investments, LLC, and the grantee was Grand Oaks Lofts, LLC on document number 1427351. This comparable was reported or verified by Win2Data, CoStar and the Los Angeles County Assessor's Record. This property previously sold on August 27, 2003 for \$1,650,000 (\$60.66 per square foot) on document number 2490641.

# LAND SALE 2 PLAT MAP

5746 8  
 SCALE 1"=100'  
 1988  
 5746 8  
 SCALE 1"=100'  
 1988  
 5746 8  
 SCALE 1"=100'  
 1988



## COLORADO HEIGHTS TRACT

M.B. 8 - 105

CONDOMINIUM  
 TRACT NO. 37611

M.B. 949 - 50

CONDOMINIUM  
 TRACT NO. 42024

M.B. 1032 - 81

CODE  
 7500

FOR PREV. ASS'T SEE  
 5747-5

ASSESSOR'S MAP  
 COUNTY OF LOS ANGELES, CALIF.



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### Land Sale 3

1332 Colorado Boulevard, Los Angeles, California 90041

Map Reference: 565-C6

APN: 5690-006-029

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26,615 square feet land area

269 ft. frontage

C4 zone

Utilities on site

Sloping topography

Average(-) location

Average access

Fair utility

Sold on June 30, 2005

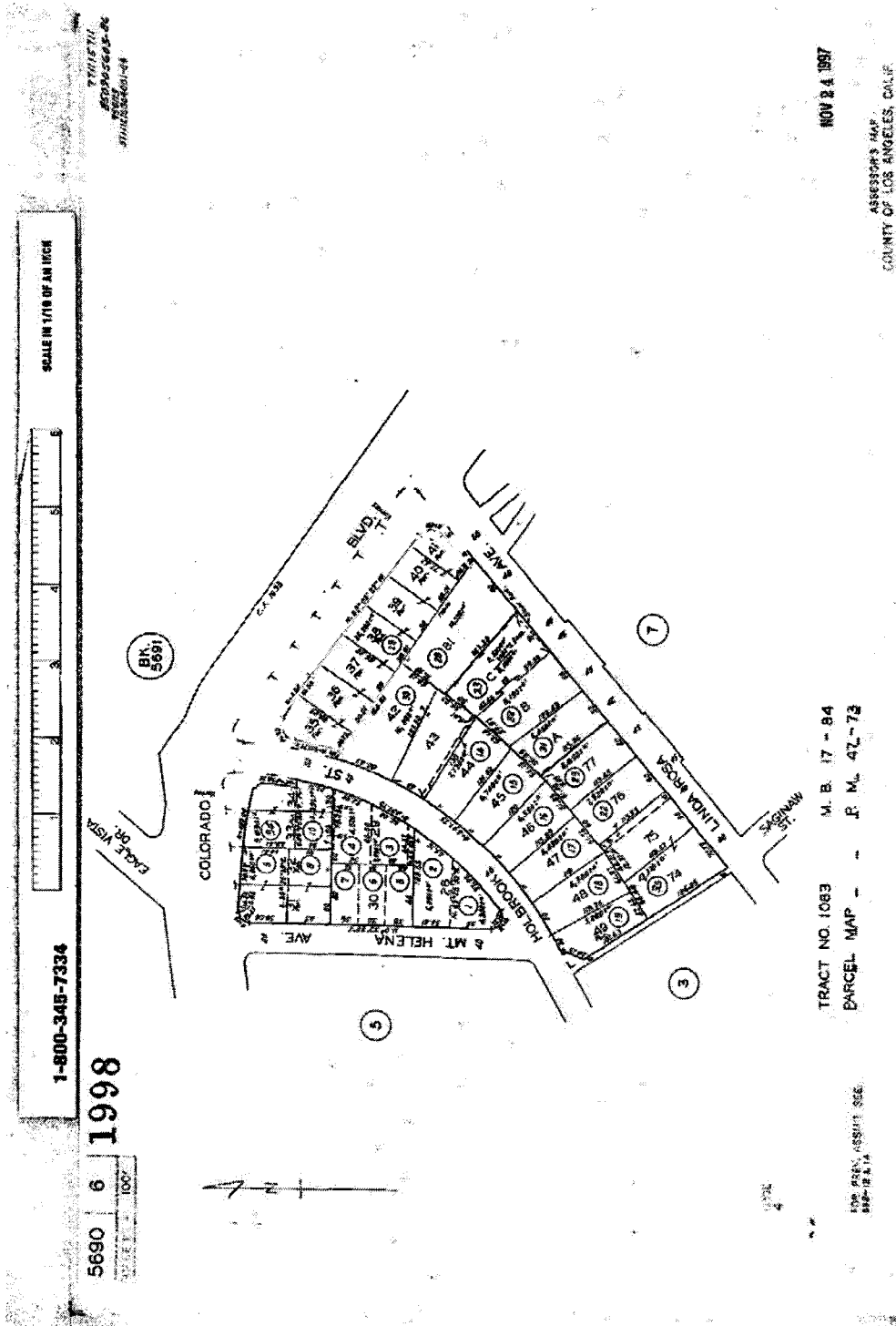
Sold for \$2,385,000

Terms not available

\$89.61 per square foot

This mostly rectangular-shaped corner parcel is located approximately 4 miles southeast of the subject on a primary street. The grantor was Artrock Lofts, LLC, and the grantee was 1332 W. Colorado Boulevard, LLC on document number 1544775. This comparable was reported or verified by Win2Data, CoStar, NDC and the Los Angeles County Assessor's Record. At the time of sale the intended use was to construct a mixed retail and residential building. This property previously sold on May 6, 2004 for \$750,000 on document number 1136567.

# LAND SALE 3 PLAT MAP





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#### **Land Sale 4**

217-219 West California Avenue, Glendale, California 91203

Map Reference: 564-E4

APN: 5643-020-035 through 037

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27,659 square feet land area

180 ft. frontage

C3 zone

Utilities on site

Level topography

Average(+) location

Average access

Average utility

Sold on June 17, 2005

Sold for \$4,100,000

Terms not available

\$148.23 per square foot

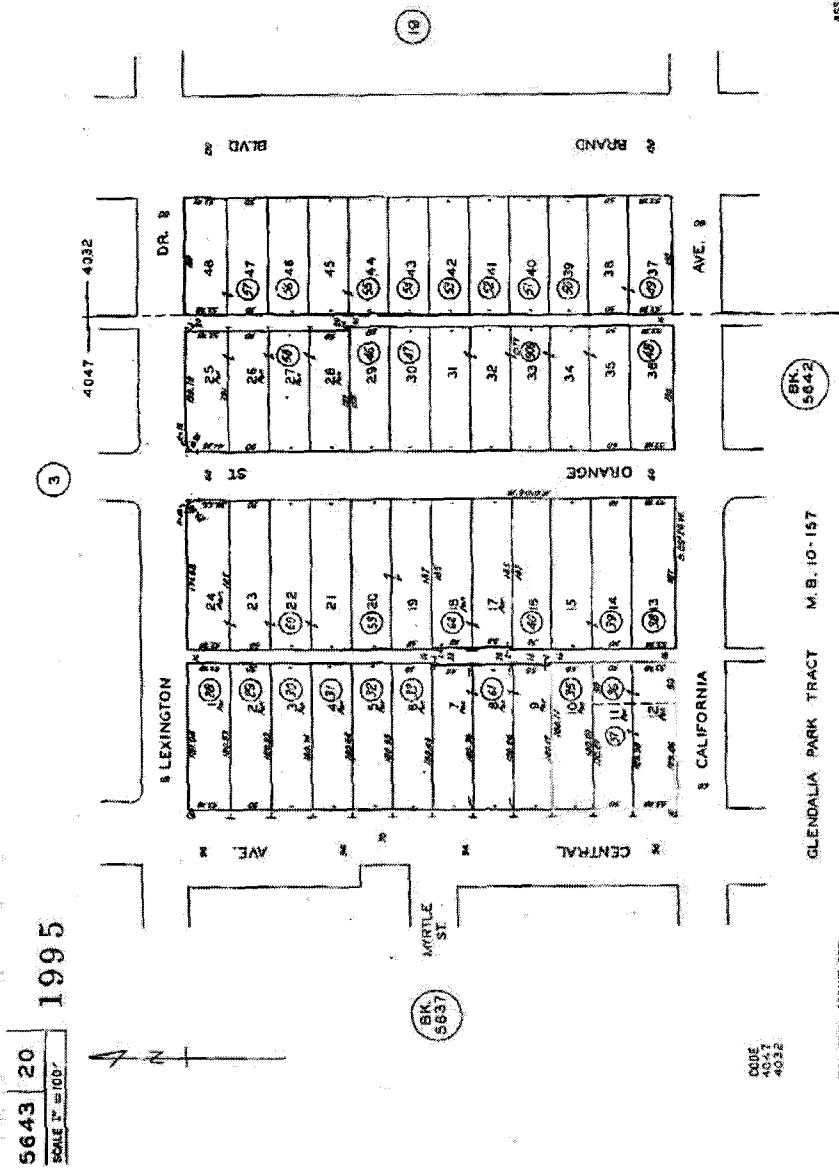
This square-shaped corner parcel is located approximately 4 miles southeast of the subject on a primary street. The property is improved at this time with an auto repair facility. These improvements are considered to have no contributory value because they will be demolished and the site will be redeveloped. The grantor was Brittan Family Trust, and the grantee was Glendale Tower Partners, LP on document number 1425789. This comparable was reported or verified by Win2Data, CoStar and NDC. At the time of sale the intended use was to construct a 62-unit condominium development.

# LAND SALE 4 PLAT MAP

Title  
 Assessor's Map  
 and  
 Assessor's Map  
 of  
 the  
 County of Los Angeles, Calif.  
 1995

AUG 12 1995

ASSESSOR'S MAP  
 COUNTY OF LOS ANGELES, CALIF.





### Land Sale 5

Southeast corner of Broadway/Golden Avenue, Long Beach, California 90802

Map Reference: 825-C1

APN: 7278-015-044

243,936 square feet land area

N/A ft. frontage

PD30 zone

Utilities to site

Level topography

Good location

Good access

Good utility

Sold on March 2, 2005

Sold for \$18,000,000

\$1,595,000 down

\$17,000,000 1<sup>st</sup> from 1<sup>st</sup> Bank Midwest

\$73.79 per square foot

This irregular-shaped corner parcel is located approximately 20 miles south of the subject on a secondary street. The property was improved at the time of sale with a parking lot. These improvements are considered to have no contributory value because they will be demolished and the site will be redeveloped. The market time for this sale was 30 days. The grantor was HEI Long Beach, LLC, and the grantee was PPD Long Beach WTC on document number 474225. This comparable was reported or verified by Win2Data, CoStar and the Los Angeles County Assessor's Record.







### Land Sale 6

1855 South Brand Boulevard, Glendale, California 91204

Map Reference: 594-E1

APN: 5640-033-022

45,940 square feet land area

132 ft. frontage

SFMU zone

Utilities on site

Level topography

Average location

Poor access

Fair utility

Sold on February 25, 2005

Sold for \$3,875,000

\$0 down

\$10,756,867 1<sup>st</sup> construction financing

From Hanmi Bank

\$2,100,000 2<sup>nd</sup> from City of Glendale

\$84.35 per square foot

This irregular-shaped corner parcel is located approximately 5 miles southeast of the subject on a tertiary street. The grantor was Metropolitan City Lights, and the grantee was Housing Authority of the City of Glendale on document number 3280709. This comparable was reported or verified by Win2Data and CoStar. This parcel is currently being developed with a 65-unit affordable housing complex by the City of Glendale Housing Authority. The site will have 161 parking spaces as per Glendale Single Family Mix Use zoning requirements. Although located along Brand Avenue it has no direct access to Brand Avenue.

County of Los Angeles, Rick Auerbach, Assessor

2003

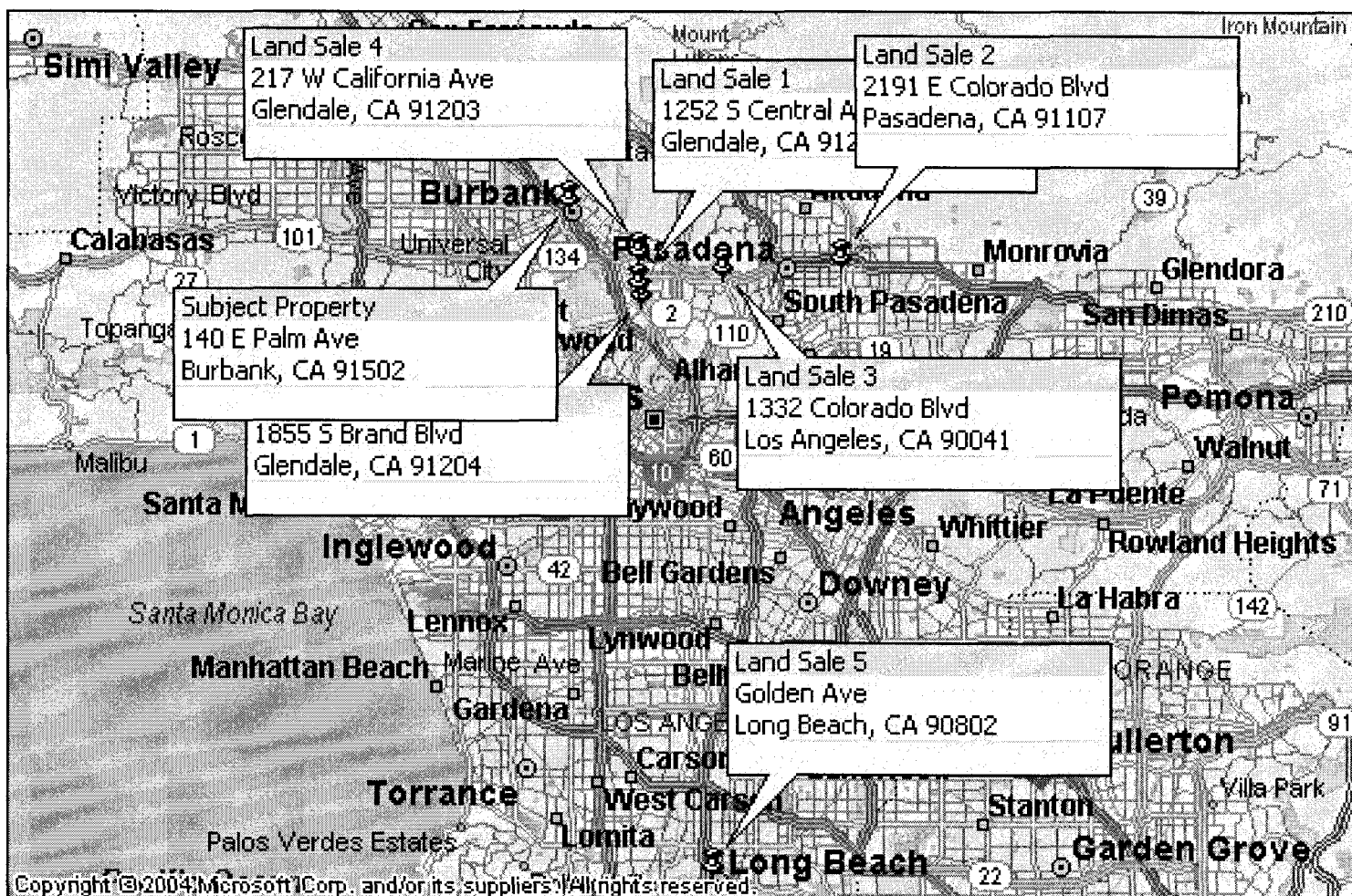
5640 33  
SCALE 1" = 80'

TRACT NO. 910  
M.B. 16-133

TRACT NO. 987  
M.B. 16-196

FOR REV. BY THE BO-23

COUNTY OF LOS ANGELES, CALIF.



LAND SALES MAP

## Analysis

The preceding comparables reflect the most recent activity in the subject area. In our analysis of the data presented, we considered a variety of factors including date of sale, cash equivalency, location, visibility, size, zoning, access, corner influence, topography, shape and availability of utilities. Except for those factors presented in the adjustment grid below, it is our opinion the subject and comparables are similar or do not require further adjustments.

However, we wish to note that we uncovered a similar site (similar location, size and planned use) in proximity of the subject. This sale at 219-253 East Angeleno Avenue was deemed uncomparable due to its sale by the redevelopment agency of the City of Burbank at below market price (\$27.69 per square foot, and it sold on 2/27/2004). Further, we uncovered a sale above our range in the adjacent City of Glendale. This sale at 412 East Broadway has development plans, which include retail and 115 condominium units. The buyer paid \$180.17 per square foot, and it sold on 12/17/2004. The buyer was willing to pay a premium due to its location and development potential.

### Adjustment Grid (in dollars)

Sale No.	Price Per Sq. Ft.	Location	Access	Topography	Site Preparation	Adj. Price Per Sq. Ft.
1.	91.67	15.00	15.00	—	—	121.67
2.	90.99	25.00	—	—	5.00	120.99
3.	89.61	20.00	—	15.00	—	124.61
4.	148.23	(10.00)	—	—	5.00	143.23
5.	73.79	—	—	—	40.00	113.79
6.	84.35	20.00	5.00	—	10.00	119.35

One of the foremost characteristics in the analysis of market sales is the relationship between price and time. All sales took place in 2005, between 3 and 8 months prior to our date of value. The appraiser deemed it unnecessary to adjust the sales.

Location is an important factor in the analysis of a property. In this analysis, the comparables may be superior, inferior or similar to the property being appraised. As a result, we must adjust the comparables, if necessary, based on differences noted. Sales 1 and 6 are located in periphery commercial locations of downtown Glendale. Therefore, due to their inferior commercial locations, they were adjusted upward. Sale 2, although located on Colorado Boulevard (a major commercial arterial in Pasadena), is also a periphery commercial location. A larger upward adjustment (compared to Land Sale 1) was made due to its greater distance from Pasadena's commercial core. Sale 3 is also located along Colorado Boulevard. However, this property is located in the Eagle Rock area. This is an inferior commercial area and therefore was adjusted upward. Sale 4 is located in downtown Glendale, a slightly superior commercial location, therefore, this sale was adjusted slightly downward.

Access to a property is an important issue because difficult access has a negative impact on value. Sale 1 has inferior access because it is the only sale without a corner location and was adjusted upward. Sale 6 was also adjusted upward due to a lack of direct access from Brand Boulevard.

The next category for adjustment is topography, which dictates both the difficulty and expense of development. Level sites are the easiest and the least expensive to develop whereas upward sloping sites are more expensive. Downward sloping sites are the most expensive to develop because of the difficulty in using heavy equipment and the need for extensive labor. Sale 3 has a sloping topography and abuts a cliff, therefore, this sale was adjusted upward.

Site preparation and demolition is an additional cost of acquisition when compared to vacant land. Sale 5 was adjusted upward substantially due to a condition that the buyer is required to provide 650+ parking spaces at their own expense which represents more parking than would typically be required by this type of development. Sales 2 and 4 required, or will require, demolition of existing improvements and this required upward adjustments. Sale 6 required demolition and substantial excavation (for parking), therefore, this sale was adjusted upward more than Sales 2 and 4.

Based on our analysis of the adjusted prices of the comparables presented, it is our opinion the subject's land value, per square foot, is as follows:

83,622 square feet gross @ \$125.00 = \$10,452,750 or \$10,453,000 rounded

#### **Allocation of Land Value to the Proposed Commercial Development**

Our allocation of land value between the proposed occupancies within the subject property are based upon the overall building area totals for each identified use. Based upon data provided by the architects, STUDIOELEVEN at Perkowitz + Ruth Architects, we have calculated the following percentages based upon occupancy.

##### Allocation of Area by Occupancy

Occupancy	Building Area	Parking Area	Total Area	Percentage by Occupancy
Retail/Restaurant	39,770	90,300	130,070	32.74%
Residential	172,146	95,100	267,246	67.26%
Totals	211,916	185,400	397,316	100.00%

Applying the Retail/Restaurant Occupancy percentage to the total land value results in the following allocation of land value to the proposed commercial development:

Total Land Value of \$10,453,000 x 32.74% = \$3,422,312 or \$3,422,000 rounded

## **BENEFITS OF ON-SITE PUBLIC PARKING TO THE PROPOSED COMMERCIAL DEVELOPMENT**

As noted earlier, the proposed project includes 278 “surplus parking spaces” intended to benefit the tenants of The Collection as well as surrounding properties. This surplus parking is in addition to the 209 parking spaces dedicated to the proposed commercial space and the 236 spaces dedicated to the condominium owners.

### *Intangible Benefits*

We have identified a variety of intangible benefits which result from the surplus parking to the commercial tenants. These benefits are especially relevant in an urban setting where parking is often hard to come by and costly to develop. To begin with, more available parking equates to a greater capacity for customers. More customers mean higher potential sales making the development more desirable and more profitable for retail and restaurant tenants. The surplus parking can therefore be used as an inducement to tenants to enter into a lease. This benefit is confirmed by a review of the existing leases with Johnny Rockets, Color Me Mine, So Good Jewelry and Sketchers, all of which establish that The Collection will provide up to 420 parking spaces available to the general public, far more than is necessary according to zoning requirements.

Another benefit is derived from providing patrons with a pleasurable shopping experience. When a patron has to spend excessive time looking for a parking space, it cuts into their spending time. Patrons who are forced to drive around looking for a place to park can develop an unfavorable opinion of the development which can discourage them from returning, or encourage them to patronize a nearby development with more accessible parking. This rationale is what has lead many parking structures to employ a valet parking company to alleviate the frustration patrons face when searching for a parking space. However, with ample public parking, the need for a valet service is moderated.

In addition, a partnership with the City of Burbank allows The Collection to share the responsibility for managing and maintaining the structure. This can significantly reduce the operational costs borne by each of the partners. In addition, there are benefits of the public parking spaces from a customer base perspective, especially in a mixed-use parking structure in which parking, retail and restaurants are provided in the same building. Each time a patron parks or picks up their vehicle, they are in close proximity to the building’s retail and restaurant tenants. Parkers - particularly parking regulars - often grown to rely on those retail establishments and restaurants because of the convenience their proximity provides. For example, the parking structure will be in close proximity to AMC’s new 16 screen theater. The public parking available at The Collection will likely be used by patrons of the AMC theater and other adjacent properties. These patrons are likely to become potential customers of The Collection’s retail and restaurant tenants when they park in the structure. Therefore, the larger the public parking facility, the greater the future benefits to the commercial tenants.

### *Desired Commercial Parking*

Based upon conversations with Pat Gibson of Kaku Associates and contributor to the Urban Land Institute publications “Parking Requirements for Shopping Centers” and “Shared Parking”, there is an “optimum” ratio of parking spaces per 1,000 square feet of retail and restaurant space. Optimum refers to the greatest number of parking spaces necessary to meet demand at the busiest time of day or year.

For retail space, the optimum ratio is approximately 4.3 parking spaces per 1,000 square feet of retail development. But this ratio only applies when the total percentage of gross leased area is 20% or less restaurant and entertainment usages. In a situation such as ours, where restaurants occupy more than 20% of the gross leased area a shared parking methodology is utilized. Shared parking is defined as parking spaces that can be used to serve two or more individual land uses without conflict or encroachment. In a shared parking methodology spaces are calculated relying on the greatest demand for parking, which in this case would be the restaurant uses. For restaurant space, the optimum ratio is 22 parking spaces per 1,000 square feet of restaurant development. In a shared parking methodology, these numbers are not additive. For example, in the evening when restaurants are busiest, many retail stores will be closed, therefore the optimum ratio of 22 parking spaces would be sufficient to serve both the retail and restaurant space. As a result the optimum ratio of 22 spaces per 1,000 square feet of restaurant space is sufficient to provide adequate parking for the entire commercial development.

Therefore, in calculating the optimum number of parking spaces for the Collection, we have multiplied 22 spaces times 15,936 square feet of restaurant space. This results in 351 spaces as an optimum level of parking. Therefore, the optimum parking spaces desired by a developer would be substantially in excess of the 185 spaces required. Deducting the 185 parking spaces required by the City results in a surplus of 166 parking spaces. Since the public parking spaces will provide such desired parking it represents a substantial benefit to the commercial space. However, because these spaces will be “public parking” and also available to patrons of nearby properties, it would be inappropriate to assume that the desired 166 extra spaces would always be available for patrons of the restaurant and retail tenants of the Collection.

### *Calculation of Required Commercial Parking*

The amount of commercial parking for The Collection is based upon City requirements and permitted tenancy according to the Development Plan Agreement. The Plan Agreement limits restaurant tenants to 40% of the total rentable commercial space. The actual commercial parking required by the City is less than the base requirement for Burbank due to the subject’s location in downtown. Therefore required parking is calculated as follows:

Rentable Area	Required Parking Spaces	Base City Requirement	At 80% of Requirement due to Downtown Location
15,936 restaurant @	10 spaces per 1,000 sq.ft.	159	128
24,146 retail @	3.3 spaces per 1,000 sq.ft.	<u>80</u>	<u>57</u>
	Total Parking Required	<u>239</u>	<u>185</u>
	Difference		54 spaces

The direct parking benefit of the downtown location to the subject's proposed commercial development is the difference between the basic city requirement of 239 spaces (as calculated above) and the 185 actual spaces required after applying the reduction due to the downtown location, or 54 parking spaces. Since these 54 spaces would typically be required under traditional City requirements and would be expected in a normal commercial development, we have assumed that they would be fully utilized from the available parking in the proposed public parking module. The fact that these additional 54 spaces will actually be available, represents a valuable benefit to the development. We have estimated the value of this additional parking as follows.

#### *Cost Value of Public Parking Spaces*

The estimated cost of the 463 space parking structure (185 commercial spaces and 278 surplus spaces) including support system, ramps, elevators and walkways is \$9,263,847 (see Marshall and Swift Cost Addendum attached hereto as Exhibit 6) or \$20,008 per parking space. Since the parking is available for the commercial project without cost of land or parking improvements there is a direct financial benefit. We have applied an incremental cost based on 50% of the average cost per parking space in order to calculate the direct value contribution of the available 54 spaces within the "surplus parking area" to commercial improvements as follows:

$$54 \text{ spaces} \times \$10,000 \text{ incremental cost per space} = \\ \$540,000 \text{ benefit to the commercial improvements}$$

#### *Income Value of Public Parking Spaces*

An additional indicator of value is the market value of the free parking based on monthly parking rental rates in similar commercial locations in the Los Angeles area. We have assumed parking in the area of the subject would rent for approximately \$70 per space per month or \$43,360 annually for 54 spaces. Capitalized at an annual rate of 10%, this additional benefit to the commercial tenants would result in a value of \$453,600.



### *Conclusion*

Based upon all of the tangible and intangible benefits of the additional public parking spaces to the commercial development, we have conservatively estimated their direct contribution to value at \$500,000.

## **VALUE CONCLUSIONS**

The value estimate of the Sales Comparison Approach was based upon sales in the open market of similar properties. The quantity and quality of the market data transactions are considered adequate and the required adjustments reasonable for the purpose of formulating a value. The appeal of this approach is its objectivity, since the value estimate is derived from a consensus of buyers and sellers as indicated by recent sale prices.

Based on our investigation, together with the data and analysis contained in the accompanying report, it is our opinion the fee simple market value of the subject property on October 15, 2005 was Ten Million Four Hundred Fifty Three Thousand Dollars.

**\$10,453,000.00**

Based on our investigation, together with the data and analysis contained in the accompanying report, it is our opinion that on October 15, 2005 the value of the portion of the land to be allocated to the retail restaurant improvements was Three Million Four Hundred Twenty Two Thousand Dollars.

**\$3,422,000.00**

Based on our investigation, together with the data and analysis contained in the accompanying report, it is our opinion the value of the additional public parking spaces to be owned by the City of Burbank but available to the commercial development on October 15, 2005 was Five Hundred Thousand Dollars.

**\$500,000.00**

It is our opinion that, based on the data and analysis contained in the accompanying report, it is our opinion that the value of the portion of the land to be allocated to the retail restaurant improvements and the additional public parking spaces to be owned by the City of Burbank but available to the commercial development of the subject property on October 15, 2005 was Three Million Nine Hundred Twenty Two Thousand Dollars.

**\$3,922,000.00**

## **INFORMATION ON BTI APPRAISAL**

BTI Appraisal specializes in real estate, businesses, intangible assets, equipment and economic analysis. Since 1974, we have performed extensive appraisal work, valuations, inspections and research projects for virtually every need including sales, loans, insurance, corporate, legal, I.R.S. and S.E.C. requirements, eminent domain, feasibility and market studies, recapitalizations, ESOTs and economic damages and government requirements. Our clients include law firms and insurance companies, as well as lenders, corporations and governmental agencies. Various staff members normally contribute to a report to meet specialized requirements. This group of experienced professionals provides a broad range of in-depth coverage for a great diversity of project needs. This study was principally performed by Ben F. Tunnell III, John J. Griffey, Stephen Rich and Megan O'Rourke.

The firm is managed by Ben F. Tunnell III, Chairman. His previous background includes eight years with First Interstate Bank of California as Vice President at their Corporate Headquarters in Los Angeles. Mr. Tunnell received a BA degree in Economics from Claremont McKenna College and attended post-graduate courses at UCLA and the American Institute of Banking where he also lectured. He has served on the Board of Arbitrators for both the American Arbitration Association and the Better Business Bureau, and was previously a Registered Investment Advisor and a Broker/Dealer with the Securities and Exchange Commission as well as a licensed California Real Estate Broker. Mr. Tunnell is a Certified General Real Estate Appraiser #AG006964 and an ASA, the senior designation of the American Society of Appraisers in Business Valuation. He has qualified and testified in Federal and Superior courts as well as arbitration proceedings as an expert witness in the areas of economic analysis, business, equipment and real estate appraisals.

Mr. John J. Griffey, President and Certified General Real Estate Appraiser #AG011138, has been involved with all types of real estate project appraisals and analysis since 1992. His financial background includes nine years of management experience with Glendale Federal Bank. He is a graduate of the University of Illinois with a BS in communications and an associate member of the Appraisal Institute.

Mr. Stephen Rich, Certified General Real Estate Appraiser #AG010280, has been associated with the company since 1985 and is a member of the American Institute of Real Estate Appraisers (MAI) and the Society of Real Estate Appraisers (SRPA). His background includes a six-year position as Staff Appraiser with the U.S. Department of HUD and a four-year position as Regional Manager with Joseph J. Blake and Associates, Inc., both in Chicago, Illinois. Mr. Rich was also President of his own real estate firm in Chicago for five years. He is a graduate of Cornell University in Ithaca, New York, where he received a Bachelor of Arts degree in Finance.

Megan O'Rourke, Vice Chairman and General Counsel, began working at BTI in 1990. She earned a BA in English from the University of Southern California, and graduated magna cum laude from Loyola Law School. Megan began her legal career at Gibson, Dunn & Crutcher LLP where she practiced in both the real estate and corporate law departments, before returning to BTI in 2003. Among her duties at BTI, Megan serves as a senior analyst in real estate, economic analysis, machinery and equipment, business and intangible asset matters.

## REPRESENTATIVE BTI APPRAISAL CLIENT LIST

### Attorneys

Berger Kahn  
Breidenbach, Buckley, Huchting & Hamblet  
Bremer & Whyte  
Evan, Crandall, Wade, Lowe & Gates  
Ford, Walker, Haggerty & Behar  
Freeman, Freeman & Smiley  
Gibson, Dunn & Crutcher  
Gifford & Dearing  
Greenberg Glusker Fields Claman & Machtinger  
Jenkins & Hugin, LLP  
Koeller, Nebeker, Carlson & Haluck  
Lewis, Brisbois, Bisgaard & Smith  
Morgan Lewis & Bockius  
O'Melveny & Myers  
Pillsbury Winthrop, LLP  
Robie & Matthai  
Ropers, Majeski, Kohn & Bentley  
Rutan & Tucker

### Corporations and Institutions

Aeropres Corporation  
Airmotive Holdings, Inc.  
Armtec Defense Products Co.  
California Ironworkers Union  
Clear Channel Communications  
Glacial Water  
Honda Trading of America  
Lennar Communities  
Mark Taper Foundation  
RPM, Inc.  
The Annenberg Foundation  
University of Southern California

### Financial Institutions

American Premier Bank  
Banco Popular  
Bank of China  
CommerceWest Bank  
First American Bank  
J.P. Morgan Chase Bank  
Morgan Stanley

### Spectrum Bank

Telacu Community Capital  
Union Bank of California  
United Commercial Bank  
Wilshire State Bank

### Government Agencies

Alameda Corridor Engineering Team  
Centre City Development Corp.  
City of Cerritos  
City of Commerce  
City of Downey  
City of Los Angeles  
City of Monterey Park  
City of San Diego  
City of Santa Monica  
City of Santa Paula  
City of Torrance  
FDIC  
Internal Revenue Service  
L.A. Housing Authority  
Metropolitan Transit Authority  
Public Hospitals Authority of the Bahamas  
San Diego County Counsel  
State of California Department of Justice  
U.S. Department of Army

### Insurance Companies

Allstate Insurance  
California Fair Plan  
Farmers Insurance  
Fireman's Fund Insurance  
Great American Insurance  
Hartford Insurance  
Hawkeye Security Insurance  
Safeco Insurance  
Scottsdale Insurance Company  
State Farm Insurance  
Travelers Insurance  
Truck Insurance  
21st Century Insurance  
Zurich Insurance

## **BIBLIOGRAPHY**

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2. Ibid, page 204
3. Ibid, page 204
4. Ibid, page 260
5. **Uniform Standards of Professional Appraisal Practice.** Washington D.C.: The Appraisal Foundation 1995, pages 7-8
6. **Statement on Appraisal Standards No. 6.** The Appraisal Foundation, 1995, page 71
7. **The Appraisal of Real Estate.** Chicago: Appraisal Institute, Tenth Edition 1992, pages 317 and 318
8. Ibid, pages 419 and 420
9. Ibid, page 420
10. Ibid, pages 371 and 372
11. **The Dictionary of Real Estate Appraisal, 3rd Edition.** Chicago: Appraisal Institute, 1993, page 219
12. **The Dictionary of Real Estate Appraisal, 3rd Edition.** Chicago: Appraisal Institute, 1993, page 171

## CERTIFICATION

We, Ben F. Tunnell III, John J. Griffey, Stephen Rich and Megan O'Rourke, certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

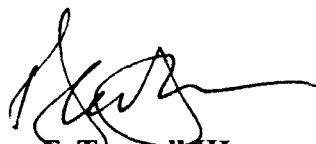
Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in accordance with the standards and reporting requirements of the Federal Home Loan Bank Board and the Uniform Standards of Professional Appraisal Practice.

Unless otherwise noted in writing, the appraiser has done similar assignments to the subject and has the knowledge and experience to complete this assignment competently.

Ben F. Tunnell, John J. Griffey and Stephen Rich have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the persons signing this report.



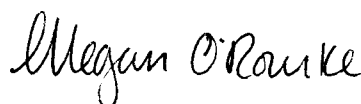
**Ben F. Tunnell III**  
Chairman  
Certified General Real Estate Appraiser  
#AG006964



**John J. Griffey**  
President  
Certified General Real Estate Appraiser  
#AG011138



**Stephen Rich, MAI**  
Senior Appraiser  
Certified General Real Estate Appraiser  
#AG010280

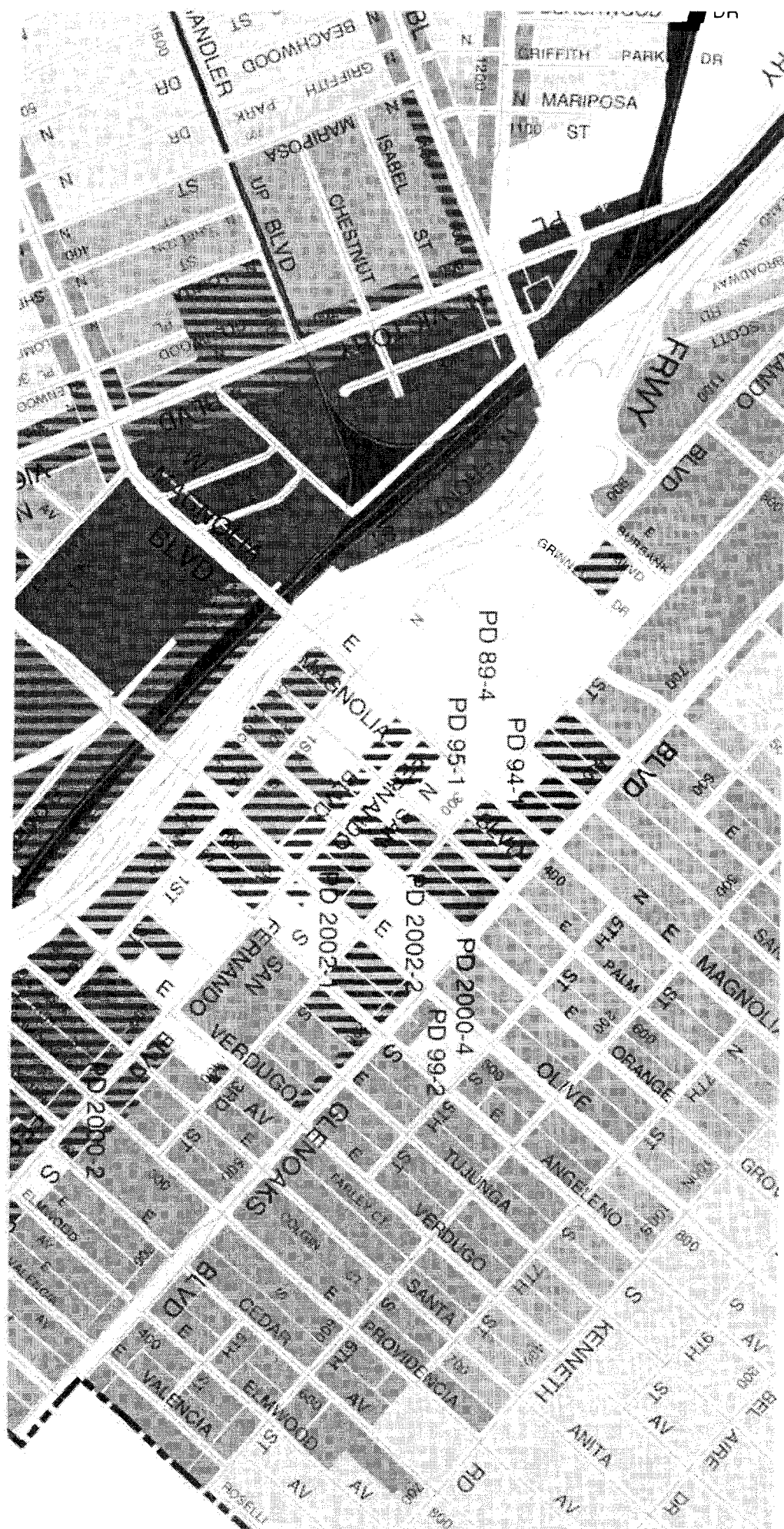


**Megan O'Rourke**  
Vice Chairman & General Counsel

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# **ZONING ADDENDUM**



## **LEGAL DESCRIPTION ADDENDUM**

33

05 0189689

**EXHIBIT A  
PROJECT SITE  
LEGAL DESCRIPTION**

The land referred to herein is situated in the State of California, County of Los Angeles and is described as follows:

**Parcel 1:**

That portion of Block 62 of Town of Burbank in the City of Burbank, County of Los Angeles, State of California, as per Map recorded in Book 17, Pages 19 to 22, inclusive of miscellaneous records in the Office of the County Recorder of said county, described as follows:

Beginning at a point in the northwesterly line of said Block 62 that is 13.01 feet southwesterly of the northerly corner of Lot 16 of said block; thence south 41 degrees 17 minutes 45 seconds west along said northwesterly line, 116.00 feet to the beginning of a tangent curve, concave easterly and having a radius of 15.00 feet; thence southwesterly, southerly and southeasterly along said curve 23.55 feet to a point of tangency in a line that is 46.00 feet northeasterly of the center line of First Street as shown on said Map; thence south 48 degrees 40 minutes 38 seconds east along said line 163.51 feet to a line that is parallel with and 178.50 feet southeasterly of the northwesterly line of said block; thence north 41 degrees 17 minutes 45 seconds east along said parallel line 130.99 feet; thence north 48 degrees 40 minutes 38 seconds west 178.50 feet to the point of beginning.

Except therefrom of Lot 16 all oil, gas, hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use or disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof, as provided in Deed recorded September 17, 1985 as Instrument No. 85-1074435, Official Records.

Said land is shown as Parcel 1 on Certificate of Compliance recorded June 3, 1991 as Instrument No. 91-817191, Official Records.

**Parcel 2:**

That portion of Block 62 of Town of Burbank in the City of Burbank, County of Los Angeles, State of California, as per Map recorded in Book 17, Pages 19 to 22, inclusive of miscellaneous records in the Office of the County Recorder of said County, described as follows:

Beginning at the most southerly corner of Lot 4 of said Block 62; thence north 48 degrees 41 minutes 07 seconds west 72.20 feet along the southwesterly line of Lot 4 of said block; thence north 41 degrees 17 minutes 45 seconds east 2.79 feet; thence north 48 degrees 41 minutes 07 seconds west 83.00 feet to the northwesterly line of said block; thence

south 41 degrees 17 minutes 45 seconds west along said northwesterly line 41.40 feet; thence south 48 degrees 40 minutes 38 seconds east 164.33 feet; thence north 41 degrees 17 minutes 45 seconds east 38.63 feet; thence north 48 degrees 41 minutes 07 seconds west 9.13 feet to the point of beginning.

Except therefrom, from the westerly 50 feet of the easterly 100 feet of Lot 2 in said Block 62, all oil, gas and other hydrocarbon substances in and under said land without any right to penetrate, use or disturb the surface of said land, or any portion of said land within 500 feet of the surface thereof, as reserved in Deed recorded December 27, 1989 as Instrument No. 89-2073881.

Said land is shown as Parcel 5 on Certificate of Compliance recorded June 3, 1991 as Instrument No. 91-817191, Official Records.

Parcel 3:

That portion of Block 62 of Town of Burbank in the City of Burbank, County of Los Angeles, State of California, as per Map recorded in Book 17, Pages 19 to 22, inclusive of miscellaneous records in the Office of the County Recorder of said County, described as follows:

Beginning at a point in the northwesterly line of said Block 62 which is 13.01 feet southwesterly of the most northerly corner of Lot 16 of said block; thence parallel with the center line of First Street as shown on said map south 48 degrees 40 minutes 38 seconds east 178.50 feet to a line that is parallel with the northwesterly line of said block; thence north 41 degrees 17 minutes 45 seconds east along said parallel line 36.89 feet; thence south 48 degrees 40 minutes 38 seconds east 20.91 feet; thence north 41 degrees 17 minutes 45 seconds east 139.00 feet; thence north 48 degrees 40 minutes 38 seconds west 20.91 feet; thence north 41 degrees 17 minutes 45 seconds east 48.23 feet; thence north 48 degrees 40 minutes 38 seconds west 178.50 feet to the northwesterly line of said block; thence southwesterly along said northwesterly line 224.12 feet to the point of beginning.

Except therefrom of Lot 16 all oil, gas, hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use or disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof, as provided in Deed recorded September 17, 1985 as Instrument No. 85-1074435, Official Records.

Said land is shown as Parcel 6 on Certificate of Compliance recorded June 3, 1991 as Instrument No. 91-817191, Official Records.

05 0189689 35

**EXHIBIT B**  
**CONDITIONS OF APPROVAL**

## **TENTATIVE TRACT MAP ADDENDUM**

**TRACT NO. 062742**  
IN THE CITY OF BURBANK COUNTY OF LOS ANGELES  
STATE OF CALIFORNIA  
FOR CONDOMINIUM PURPOSES

BEING A SUBDIVISION OF PARCELS 1, 5, AND 6 OF PARCEL MAP NO. 20671,  
AS PER MAP FILED IN BOOK 248, PAGES 2 THROUGH 4 INCLUSIVE, OF  
PARCEL MAPS; ALSO THAT PORTION OF PALM AVENUE AS SHOWN ON THE MAP  
OF THE TOWN OF BURBANK, RECORDED IN BOOK 17, PAGES 19 THROUGH 22,  
INCLUSIVE OF MISCELLANEOUS RECORDS, VACATED BY RESOLUTION NO. 25,595  
OF THE COUNCIL OF THE CITY OF BURBANK, AS SHOWN IN THE INSTRUMENT  
RECORDED JUNE 17, 2003 AS INSTRUMENT NO. 03-1723889, OF OFFICIAL  
RECORDS, ALL RECORDS OF LOS ANGELES COUNTY

**OWNER'S STATEMENT**

WE HEREBY STATE THAT WE ARE THE OWNERS OF, OR ARE INTERESTED IN,  
THE LANDS INCLUDED WITHIN THE SUBDIVISION SHOWN ON THIS MAP WITHIN  
THE DISTINCTIVE BORDER LINES, AND WE CONSENT TO THE PREPARATION AND  
FILING OF SAID MAP AND SUBDIVISION.

BURBANK ENTERTAINMENT VILLAGE, L.L.C.,  
A DELAWARE LIMITED LIABILITY COMPANY, (OWNER)

BY: *Craig R. Ramsey*  
CRAG R. RAMSEY  
EXECUTIVE VICE PRESIDENT

**ENGINEER'S STATEMENT**

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED  
UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE  
SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF CHAMPION  
DEVELOPMENT GROUP ON MARCH 2005. I HEREBY STATE THAT THIS FINAL  
MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE  
MAP; THAT THE MONUMENTS OF THE CHARACTER AND LOCATIONS SHOWN  
HEREON ARE IN PLACE, OR WILL BE IN PLACE WITHIN TWENTY-FOUR MONTHS  
FROM THE FILING DATE OF THIS MAP; THAT SAID MONUMENTS ARE SUFFICIENT  
TO ENABLE THE SURVEY TO BE RETRACED, AND THAT THE NOTES TO ALL  
CENTERLINE MONUMENTS SHOWN AS "TO BE SET" WILL BE ON FILE IN THE  
OFFICE OF THE DIRECTOR OF PUBLIC WORKS WITHIN TWENTY-FOUR MONTHS  
FROM THE FILING DATE SHOWN HEREON.



*Robert R. Sims*  
ROBERT R. SIMS  
R.C.E. 21649, EXPIRES 9/30/2005

7/5/05  
DATE

**BASIS OF BEARINGS**

THE BEARINGS SHOWN HEREON ARE BASED ON THE BEARING N 48°40'38" W  
OF THE CENTERLINE OF FIRST STREET AS SHOWN ON PARCEL MAP NO. 20671,  
AS FILED IN BOOK 248, PAGES 2, 3, AND 4 OF PARCEL MAPS, RECORDS OF  
LOS ANGELES COUNTY.

**CITY TREASURER'S CERTIFICATE**

I HEREBY CERTIFY THAT ALL SPECIAL ASSESSMENTS LEVIED UNDER THE  
JURISDICTION OF THE CITY OF BURBANK TO WHICH THE LAND INCLUDED IN  
THE WITHIN SUBDIVISION OR ANY PART THEREOF IS SUBJECT, AND WHICH MAY  
BE PAID IN FULL, HAVE BEEN PAID IN FULL.

CITY TREASURER, CITY OF BURBANK

DATE

**CITY CLERK'S CERTIFICATE**

I HEREBY CERTIFY THAT THE CITY COUNCIL OF THE CITY OF BURBANK BY  
RESOLUTION ADOPTED \_\_\_\_\_ APPROVED THE ATTACHED SUBDIVISION  
MAP.

CITY CLERK, CITY OF BURBANK

DATE

**CITY ENGINEER'S STATEMENT**

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP, THAT IT CONFORMS  
SUBSTANTIALLY TO THE TENTATIVE MAP AND ALL APPROVED ALTERATIONS  
THEREOF; THAT ALL PROVISIONS OF APPLICABLE SUBDIVISION ORDINANCES OF  
THE CITY OF BURBANK HAVE BEEN COMPLIED WITH; AND THAT I AM  
SATISFIED THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT SECTION  
66442 (a) (1) (2) AND (3) HAVE BEEN COMPLIED WITH.

CITY ENGINEER, CITY OF BURBANK

R.C.E. 43057  
LICENSE EXPIRES: 03/31/2009

DATE

**NOTARY ACKNOWLEDGMENT**  
STATE OF CALIFORNIA }  
COUNTY OF LOS ANGELES } SS

ON June 30, 2005 BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN  
AND FOR SAID STATE, PERSONALLY APPEARED CRAG R. RAMSEY, EXECUTIVE  
VICE PRESIDENT OF BURBANK ENTERTAINMENT VILLAGE, L.L.C.  
PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY  
EVIDENCE) TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN  
INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN  
HIS AUTHORIZED CAPACITY, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT,  
THE PERSON, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED,  
EXECUTED THE INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL

*David D. Adams*  
NOTARY: David D. Adams  
COUNTY OF LOS ANGELES  
LICENSE EXPIRES May 10, 2008

DAVID D. ADAMS  
Notary Public - Notary State  
STATE OF CALIFORNIA  
Public Officer  
My Commission Expires May 10, 2008

**NOTARY ACKNOWLEDGMENT**  
STATE OF CALIFORNIA }  
COUNTY OF \_\_\_\_\_ } SS

ON \_\_\_\_\_ BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN  
AND FOR SAID STATE, PERSONALLY APPEARED \_\_\_\_\_

PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY  
EVIDENCE) TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN  
INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN  
HIS AUTHORIZED CAPACITY, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT,  
THE PERSON, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED,  
EXECUTED THE INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL

NOTARY:  
COUNTY OF \_\_\_\_\_  
LICENSE EXPIRES \_\_\_\_\_

**CONDOMINIUM NOTE**

THIS TRACT IS APPROVED AS A CONDOMINIUM PROJECT FOR 118 RESIDENTIAL,  
3 RETAIL, AND 2 PARKING UNITS, WHEREBY THE OWNERS OF THE UNITS OF  
AIR SPACE WILL HOLD AN UNDIVIDED INTEREST IN ALL THE COMMON AREAS  
WHICH WILL, IN TURN, PROVIDE THE NECESSARY ACCESS AND UTILITY  
EASEMENTS FOR THE UNITS.



# TRACT NO. 062742

IN THE CITY OF BURBANK      COUNTY OF LOS ANGELES  
STATE OF CALIFORNIA  
FOR CONDOMINIUM PURPOSES

**SIGNATURE OMISSIONS**

THE SIGNATURES OF HAROLD W. COOKSON, JR., KATHERINE K. COOKSON, ROBERT A. COOKSON, ELIZABETH M. COOKSON, DAVID E. COOKSON AND MARGOT K. COOKSON, HOLDERS OF OIL, GAS OR MINERAL RIGHTS BY DEED RECORDED SEPTEMBER 17, 1985 AS INSTRUMENT NO. 85-1074435, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAVE BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (C) OF THE SUBDIVISION MAP ACT.

THE SIGNATURE OF RICHARD L. HENSON, HOLDER OF OIL, GAS OR MINERAL RIGHTS BY DEED RECORDED APRIL 1, 1985 AS INSTRUMENT NO. 85-354474, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (C) OF THE SUBDIVISION MAP ACT.

THE SIGNATURE OF CHARLOTTE FARNHAM BURG, AS SOLE TRUSTEE FOR THE PHILIP A. BURG AND CHARLOTTE FARNHAM BURG TRUSTS, U/D/T/ DATED JUNE 10, 1987, HOLDER OF OIL, GAS OR MINERAL RIGHTS BY DEED RECORDED DECEMBER 27, 1989 AS INSTRUMENT NO. 89-2073881, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (C) OF THE SUBDIVISION MAP ACT.

THE SIGNATURE OF THE SOUTHERN CALIFORNIA GAS COMPANY, A CORPORATION, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES, BY DEED RECORDED SEPTEMBER 15, 1950 AS INSTRUMENT NO. 2350, IN BOOK 34308, PAGE 345, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURES OF MARY LOUISE ELLERMAN AND JAMES M. JACKSON, HOLDERS OF AN EASEMENT FOR INGRESS AND EGRESS PURPOSES, BY AGREEMENT RECORDED MARCH 24, 1987 AS INSTRUMENT NO. 87-436653, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAVE BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURES ARE NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURE OF SAMUEL LEIFER, HOLDER OF AN EASEMENT FOR INGRESS AND EGRESS PURPOSES, BY AGREEMENT RECORDED JANUARY 11, 1988 AS INSTRUMENT NO. 88-33605, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURE OF THE CITY OF BURBANK, A MUNICIPAL CORPORATION, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES, BY DEDICATION AS SHOWN UPON PARCEL MAP NO. 20871, AS PER MAP FILED IN BOOK 248, PAGES 2 THROUGH 4, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURE OF THE CITY OF BURBANK, A MUNICIPAL CORPORATION, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES, BY RESOLUTION NO. 25,595, OF THE COUNCIL OF THE CITY OF BURBANK, DECLARING ITS INTENTION TO ORDER THE CONDITIONAL VACATION OF A PORTION OF PALM AVENUE BETWEEN FIRST STREET AND NORTH SAN FERNANDO BOULEVARD (V-326-BURBANK REDEVELOPMENT AGENCY-APPLICANT), RECORDED JUNE 17, 2003 AS INSTRUMENT NO. 03-1723889, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURE OF 24 HOUR FITNESS USA, INC., A CALIFORNIA CORPORATION, HOLDER OF A LEASEHOLD INTEREST DISCLOSED BY MEMORANDUM OF RIGHT OF FIRST REFUSAL TO LEASE PREMISES, RECORDED MAY 10, 2002 AS INSTRUMENT NO. 02-1089730, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

**SIGNATURE OMISSIONS**

THE SIGNATURE OF THE CITY OF BURBANK, A MUNICIPAL CORPORATION, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES, BY AGREEMENT RECORDED NOVEMBER 30, 2001 AS INSTRUMENT NO. 01-2278761, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURE OF THE CITY OF BURBANK, A MUNICIPAL CORPORATION, HOLDER OF AN EASEMENT FOR MAINTENANCE AND ACCESS FOR THE EQUIPMENT, BY AGREEMENT RECORDED NOVEMBER 10, 2003 AS INSTRUMENT NO. 03-3389097, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURES OF AMERICAN MULTI-MEDIA, INC., A MISSOURI CORPORATION, AND THE CITY OF BURBANK, A MUNICIPAL CORPORATION, HOLDERS OF AN EASEMENT FOR STORM WATER RUNOFF, BY AGREEMENT RECORDED MARCH 30, 2004 AS INSTRUMENT NO. 04-747430, OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY, HAVE BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436 (a) (3) (A) (i-vii) OF THE SUBDIVISION MAP ACT, THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE TITLE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

SAID EASEMENT IS INDETERMINATE IN NATURE.



SCALE: 1"=50'

SHEET 4 OF 4 SHEETS

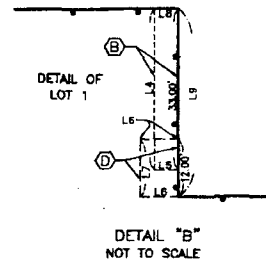
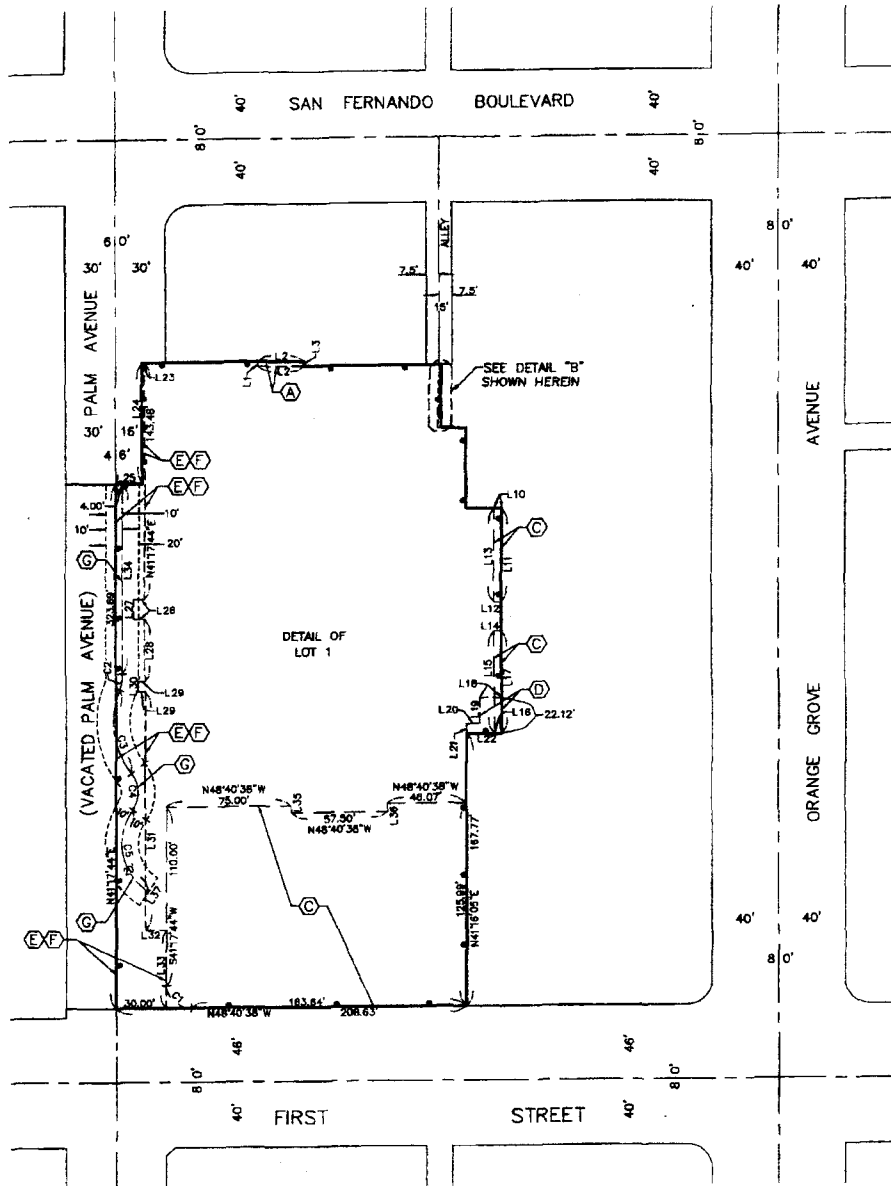
## TRACT NO. 062742

IN THE CITY OF BURBANK COUNTY OF LOS ANGELES

STATE OF CALIFORNIA

FOR CONDOMINIUM PURPOSES

## EASEMENTS DETAIL SHEET



## EASEMENT LEGEND

- (A) EASEMENT OF SOUTHERN CALIFORNIA GAS COMPANY FOR PUBLIC UTILITIES PURPOSES PER DOCUMENT RECORDED SEPTEMBER 15, 1950 IN BOOK 34308, PAGE 345, O.R.
- (B) EASEMENT FOR INGRESS AND EGRESS PURPOSES PER DOCUMENT RECORDED MARCH 24, 1987 AS INSTRUMENT NO. 87-436853, O.R.
- (C) EASEMENT FOR INGRESS AND EGRESS PURPOSES PER DOCUMENT RECORDED JANUARY 11, 1988 AS INSTRUMENT NO. 88-33605, O.R.
- (D) EASEMENT OF THE CITY OF BURBANK FOR PUBLIC UTILITIES PURPOSES PER PARCEL MAP NO. 20671, P.M.S. 248-2-4.
- (E) EASEMENT OF THE CITY OF BURBANK FOR PUBLIC UTILITIES AND EMERGENCY VEHICLE ACCESS PURPOSES PER DOCUMENT RECORDED JUNE 17, 2003 AS INSTRUMENT NO. 03-1723889, O.R.
- (F) EASEMENT OF THE CITY OF BURBANK FOR PUBLIC UTILITIES PURPOSES PER DOCUMENT RECORDED NOVEMBER 30, 2001 AS INSTRUMENT NO. 01-2276781, O.R.
- (G) CENTERLINE OF A 20' WIDE EASEMENT OF THE CITY OF BURBANK FOR MAINTENANCE AND ACCESS PURPOSES PER DOCUMENT RECORDED NOVEMBER 10, 2003 AS INSTRUMENT NO. 03-3389067, O.R.

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	89°58'22"	15.00'	23.55'
C2	22°41'47"	25.00'	8.90'
C3	61°41'42"	80.50'	54.38'
C4	75°16'55"	18.00'	23.88'
C5	84°12'58"	34.50'	56.75'

LINE TABLE		
LINE	BEARING	LENGTH
L1	N 41°17'49" E	2.79'
L2	N 48°42'08" W	27.67'
L3	N 41°17'44" E	2.78'
L4	N 41°17'49" E	33.00'
L5	S 48°42'08" E	1.49'
L6	N 48°40'38" W	2.00'
L7	N 41°18'05" E	12.00'
L8	S 48°42'08" E	1.47'
L9	N 41°18'05" E	38.64'
L10	N 48°40'38" W	4.41'
L11	N 41°18'05" E	57.58'
L12	N 48°40'38" W	4.43'
L13	S 41°17'44" W	57.58'
L14	N 48°40'38" W	4.44'
L15	S 41°17'44" W	83.59'
L16	N 48°40'38" W	4.47'
L17	N 41°18'05" E	63.59'
L18	N 48°40'38" W	13.22'
L19	N 41°18'05" E	15.90'
L20	N 48°40'38" W	7.70'
L21	N 41°18'05" E	6.22'

LINE TABLE		
LINE	BEARING	LENGTH
L22	N 48°40'38" W	20.92'
L23	S 48°42'16" E	1.50'
L24	N 41°17'44" E	72.78'
L25	S 48°42'16" E	15.00'
L26	S 48°42'16" E	6.60'
L27	N 41°17'44" E	12.40'
L28	N 41°17'44" E	38.90'
L29	S 48°42'16" E	4.30'
L30	N 41°17'44" E	6.30'
L31	N 41°17'44" E	148.40'
L32	S 48°42'16" E	12.50'
L33	S 41°17'44" W	60.01'
L34	N 41°17'44" E	117.27'
L35	S 41°17'44" W	4.00'
L36	S 41°17'44" W	5.00'
L37	S 73°21'50" W	20.00'

INDICATES THE BOUNDARY OF THE LAND  
BEING SUBDIVIDED BY THIS MAP

## **DEVELOPMENT AGREEMENT ADDENDUM**

This page is part of your document - DO NOT DISCARD

05 0189689

RECORDED/FILED IN OFFICIAL RECORDS  
RECORDER'S OFFICE  
LOS ANGELES COUNTY  
CALIFORNIA

1:01 PM JAN 26 2005

TITLE(S) :



L E A D   S H E E T

FEE

D.T.T

FREE V 49

CODE  
20

CODE  
19

CODE  
9

Assessor's Identification Number (AIN)

To be completed by Examiner OR Title Company in black ink.

Number of AIN's Shown

THIS FORM NOT TO BE DUPLICATED

: J. Ochsenbein-Planning, M. Garcia-CA

RECORDING REQUESTED BY  
AND  
WHEN RECORDED MAIL TO:

05 0189689

NAME  
MAILING  
ADDRESS  
CITY, STATE  
ZIP CODE

CITY CLERK  
CITY OF BURBANK  
P O BOX 6459  
BURBANK CA 91510

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

EXEMPT FROM FEES PURSUANT TO GOVERNMENT CODE SECTION 6103

TITLES(S)

Development Agreement between the City of Burbank and Champion Realty, LTD  
Planned Development No. 2003-2

05 0189689

3

**DEVELOPMENT AGREEMENT  
BETWEEN THE CITY OF BURBANK  
AND CHAMPION REALTY, LTD.**

**PLANNED DEVELOPMENT NO. 2003-2**

**DEVELOPMENT AGREEMENT  
BETWEEN THE CITY OF BURBANK  
AND CHAMPION REALTY, LTD.  
(PLANNED DEVELOPMENT NO. 2003-2)**

THIS DEVELOPMENT AGREEMENT (the "Agreement") is entered into this 19<sup>th</sup> day of January, 2005, by and between the CITY OF BURBANK, a charter city and municipal corporation (the "City") and CHAMPION REALTY, LTD., a California limited partnership (the "Developer"). The City and Developer are from time to time hereinafter referred to individually as a "party" and collectively as the "parties."

RECITALS

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Section 65864 et seq. (the "Development Agreement Statute"), which authorizes the City to enter into an agreement with any person or business entity having a legal or equitable interest in real property to establish certain development rights regarding the development of such property.

B. Pursuant to Government Code Section 65865, the City has adopted rules and regulations establishing procedures and requirements for consideration of development agreements. Such rules and regulations are codified at Section 31-1997 et seq. of the Burbank Municipal Code (the "Development Agreement Ordinance"). This Development Agreement has been processed, considered and executed in accordance with the Development Agreement Ordinance.

C. The City has also adopted Sections 31-19118 et seq. of the Burbank Municipal Code (the "Planned Development Ordinance"), establishing the procedures and requirements for the consideration of and establishment of a planned development. The Planned Development Ordinance requires that the approval of a planned development be subject to a developer's entering into a development agreement under the Development Agreement Ordinance. The Planned Development Ordinance sets forth the intent of the City Council in enacting the ordinance as an alternative process to accommodate major and unique developments, including those developments with combinations of uses and modified development standards, which would create a desirable, functional and community environment under the controlled conditions of a development plan.

D. The Developer has an equitable interest in that certain real property comprised of approximately 2.04 acres, bounded generally by First Street, the former Palm Avenue, Orange Grove Avenue, and San Fernando Boulevard (but excluding the properties fronting San Fernando Boulevard), and located at 140 E. Palm Avenue in the City of Burbank, as more particularly described in Exhibit A attached hereto (the "Project Site").

E. It is the intent of the Developer to develop the Project Site as a planned development under the Planned Development Ordinance, which development may consist of those uses set forth



in the "Conditions of Approval," which are defined below, and which are attached hereto as Exhibit B. As required by the Planned Development Ordinance the development plan for the entire Project Site is set forth fully in the project report ("Project Report") and site plan ("Site Plan"), which are on file at the office of the City Planner. The Project Report, the Site Plan and the Conditions of Approval collectively describe and govern the project to be developed.

F. At the time this Agreement is approved and executed by the City, the Developer will have secured various land use approvals, permits and other entitlements relating to the development of the Project and the Project Site. These approvals are collectively referred to in this Agreement as the "Project Approvals" and include without limitation the following:

(1) **Planned Development Zoning.** On December 7, 2004, following duly noticed public hearings and Planning Board review and recommendation, the City Council approved the Planned Development zone change for the Project Site, Planned Development No. 2003-2 ("PD Zoning"). The PD Zoning is consistent with the General Plan. The PD Zoning and this Agreement allow the development of a maximum of 172,233 adjusted gross square feet of residential condominium area in a maximum of 118 condominium units ("Housing Component"), 50,000 adjusted gross square feet of restaurant and retail, of which at least 60% must be retail ("Commercial Component"), and a parking structure to be constructed on a portion of the Project Site consisting of 734 parking spaces (236 for the Housing Component, 222 for the Commercial Component but open to the public, and 276 additional public parking spaces) (the "Project"). As used herein and as used in the Conditions of Approval, "adjusted gross square feet" shall have the meaning ascribed to "adjusted gross floor area" in Section 31-203 of the Burbank Municipal Code. In addition, as used herein and as used in the Conditions of Approval, "adjusted gross square feet" shall not include storage areas for the residential condominium units, located in both the garage and the non-unit areas of the residential building, nor shall it include space used for mechanical rooms.

(2) **Conditions of Approval.** Certain Project Approvals were approved subject to "Conditions of Approval," which, for the purposes of this Agreement, shall also be considered included in any reference to the Project Approvals. The Conditions of Approval are attached hereto as Exhibit B, and incorporated herein by this reference.

G. Development of the Project and the Project Site in accordance with this Agreement shall provide for orderly growth consistent with the goals, policies, and other provisions of the General Plan. Developer desires to obtain the binding agreement of the City that the City, notwithstanding changes in City policy, ordinances, approval processes or the makeup of the City's governing body, will permit Developer to construct, develop, use and operate the Project as a Planned Development in accordance with the City's ordinances, rules, regulations and official policies governing permitted land uses, governing density and intensity of uses, dedications, and other exactions, and governing the design, improvement and construction standards and specifications, applicable to development of the Project, the Planned Development and the Project Site (the "Existing Development Regulations"), in force at the time of execution of this Agreement, and without requiring Developer to dedicate property, or construct public improvements or make financial contributions to the City in lieu of public improvements, except as expressly set forth in this Agreement.

H. On October 11, 2004, following a duly noticed public hearing, the Planning Board adopted Resolution No. 2957, recommending that the City Council approve this Agreement.

I. On November 23, 2004, after a duly noticed public hearing, the City Council took the following actions: (1) determined that the Mitigated Negative Declaration ("MND") adequately addressed the environmental impacts under the California Environmental Quality Act, Public Resources Code Sections 22000 et seq., ("CEQA") of the Project and approved the MND; (2) made appropriate findings that the provisions of this Agreement are consistent with the General Plan; and (3) introduced Ordinance No. \_\_\_\_\_ approving and authorizing the execution of this Agreement. On December 7, the City Council adopted Ordinance No. \_\_\_\_\_.

J. For the reasons recited herein, the Developer and the City have determined that the Project as a planned development is the type of development for which this Agreement is appropriate. This Agreement will eliminate uncertainty in planning and provide for the orderly development of the Project Site; ensure a desirable and functional community environment; provide for employment generating uses; and provide other public benefits to the City and its residents by otherwise achieving the goals and purposes of the Development Agreement Statute, the Planned Development Ordinance, and the Development Agreement Ordinance.

K. In exchange for these benefits, together with the public benefits that will result from the development of the Project and the Project Site pursuant to this Agreement, the Developer desires to receive the assurance that it may proceed with the Project in accordance with the Existing Development Regulations (as defined below) of the City as they exist on the Effective Date, subject to the terms, conditions, and exceptions contained herein.

L. The parties agree that this Agreement will promote and encourage the development of the Project by providing the Developer and its lenders with a greater degree of certainty of the Developer's ability to expeditiously and economically complete the development effort, and that the consideration to be received by the City pursuant to this Agreement and the rights granted to Developer hereunder constitute sufficient consideration to support the covenants and agreements of the City and Developer. By entering into this Agreement, the City desires to vest in the Developer, to the fullest extent possible under the law, all possible development entitlements necessary for the completion of the Project.

M. The City Council has determined that the Planned Development is consistent with and satisfies the relevant provisions of the Code, including the goals and objectives of the City's General Plan. The City Council has found that the provisions of the Development Agreement are consistent with the relevant provisions of the Code and the City's General Plan.

N. All actions taken by the City with respect to the Project have been duly taken in accordance with all applicable legal requirements, including the California Environmental Quality Act, Public Resources Code Section 21000, et seq. ("CEQA"), and all other requirements for notice, public hearings, findings, votes and other procedural matters.

NOW, THEREFORE, in consideration of the promises, covenants, and provisions set forth herein, the parties agree as follows:

## AGREEMENT

### ARTICLE 1.

#### GENERAL PROVISIONS

Section 1.01. Incorporation. The preamble, the Recitals, and all defined terms set forth therein, are hereby incorporated into this Agreement as if set forth herein in full.

Section 1.02. Covenants. The provisions of this Agreement shall constitute covenants or servitudes which shall run with the land comprising the Project Site and the burdens and benefits thereof shall bind and inure to the benefit of each of the parties hereto and any successors or assigns of City, and to any "Successor Interests," as that term is defined in Article 2 of this Agreement, of Developer.

Section 1.03. Effective Date. This Agreement shall become effective upon the thirty first (31st) day following the publication of the City Attorney Synopsis of the Ordinance that approves this Agreement (the "Effective Date"). Developer agrees that the rezoning of the Project Site from Planned Development No. 98-2 to Planned Development No. 2003-2 is hereby expressly conditioned upon Developer's acquisition of fee title in the Project Site pursuant to Section 1.05 below.

Section 1.04. Term. The term of this Agreement shall commence upon the Effective Date and shall extend for seven (7) years from the Effective Date.

Section 1.05. Ownership of Project Site. Developer shall provide adequate evidence within twelve (12) months of the Effective Date that Developer has fee simple title in the entire Project Site subject to any extensions approved by the City Manager, or his or her designee. Developer's failure to acquire legal title to the Project Site as set forth herein where such failure is not caused by the City, shall constitute a material default which shall make this Agreement subject to termination pursuant to Section 7.01(c) hereof. In the event the Purchase Contract by and among Burbank Entertainment Village, LLC ("BEV"), Champion Realty, Ltd., and American Multi-Cinema, Inc. ("AMC"), dated June 18, 2003, expires on its own terms or is terminated by any party thereto prior to the date that is twelve (12) months after the Effective Date, the City may terminate this Agreement in accordance with the procedure set forth in Section 7.01(c) hereof. Notwithstanding the foregoing, however, a breach by BEV or AMC of their obligations under the Purchase Contract to convey the Project Site to Developer, where Developer has performed (or is ready, willing and able to perform) Developer's obligations to purchase Project Site, or in the event of a termination by BEV or AMC of the Purchase Contract that has been challenged in court by Developer as being invalid within forty-five (45) days of the termination, shall not constitute a

default hereunder or a grounds for termination, until the dispute has been resolved either by the mutual agreement of the parties or by a final judgment of a court having jurisdiction.

Upon the recordation of the grant deed evidencing Developer's acquisition of fee title to the Project Site, that certain Development Agreement and Covenants, Conditions and Restrictions by and between the City of Burbank and Burbank Entertainment Village, L.L.C., dated October 24, 2001 and recorded as Instrument No. 01-2278756 on November 30, 2001 in the official records of the County Recorder for Los Angeles County, shall be of no further force and effect with respect to the Project Site and shall be deemed terminated with respect thereto.

## ARTICLE 2.

### DEFINITIONS

**"Affiliate"** shall mean any partnership, corporation, limited liability company, trust or other entity in which either Champion Realty, Ltd. or Champion Development Group, Inc. retains a minimum of twenty-five percent (25%) of the ownership or beneficial interest and retains management and control of the transfer entity or entities.

**"Agreement"** shall mean this Development Agreement.

**"CEQA"** shall have that meaning set forth in Recital I of this Agreement.

**"City"** shall mean the City of Burbank, a charter city and municipal corporation.

**"City Council"** shall mean the City Council of the City of Burbank, or its designee.

**"City General Plan"** or **"General Plan"** shall mean the applicable General Plan of the City of Burbank.

**"Developer"** shall mean Champion Realty, Ltd., a California limited partnership, and shall further include Successor-in-Interests to the Developer or an Affiliate.

**"Development Agreement Statue"** shall mean Government Code Sections 65864 through 65869.5.

**"Director"** shall mean the Community Development Director of the City of Burbank, or his or her designee.

**"Effective Date"** shall have that meaning set forth in Section 1.03 of this Agreement.

**"Existing Development Regulations"** shall mean the 1) City laws, ordinances, rules, regulations, policies, motions, directives, the mitigation measures set forth as the Developer's responsibility in the MND, conditions, standards, specifications, dedications, other exactions and impositions of the City, whether enacted or adopted by the City or its electorate through the initiative or referendum process, in effect as of the Effective Date, establishing or regulating the

design, density, permitted land uses, occupancy, improvement, construction standards, impact fees, dedications and exactions applicable to the Project Approvals, except as otherwise expressly set forth in this Agreement; and 2) the Project Approvals, this Agreement and the Conditions of Approval.

"**New Law**" shall mean any law which becomes operative or effective subsequent to the Effective Date and shall include any City laws, ordinances, resolutions, rules or regulations

"**Project Approvals**" shall mean 1) Ordinance No. \_\_\_\_\_ approving the Planned Development Zone and this Agreement; 2) Resolution No. \_\_\_\_\_, approving the MND; 3) Development Review No. 2003-50; and 4) all other approvals and entitlements required for the development of the planned development project, including but not limited to, zone variances, conditional use permits, sign permits, grading permits, building permits, lot line adjustments, parcel maps, subdivision improvement agreements, and vacations that will accomplish the goals, objectives, policies and plans referenced, described, implied and shown on the Project Report and Site Plan and this Agreement.

"**Subsequent Applications**" shall mean applications for other land use approvals, entitlements and permits not necessary to the development of the Project and the Project Site, but desired by Developer subsequent to the Effective Date. The Subsequent Applications may include without limitation amendment of any of the Project Approvals.

"**Successor Interests**" shall mean all successor estates and interests in the Project and the Project Site, as well as all successors in interest, heirs, assignees, and transferees of the parties.

### ARTICLE 3.

#### OBLIGATIONS OF DEVELOPER AND CITY

Section 3.01. Obligations of Developer. In consideration of the City's entering into this Agreement, Developer agrees that it will comply with this Agreement and the Project Approvals whether granted in conjunction with this Agreement or at a later date. The parties acknowledge that the execution of this Agreement by City is a material consideration for both Developer's acceptance of, and agreement to comply with, the terms and conditions of this Agreement and the Project Approvals.

Section 3.02. Obligations of City. In consideration of the Developer's entering into this Agreement, City agrees that it shall comply with the Project Approvals, and that it shall act on all Project Approvals requested after the approval of this Agreement as provided in this Agreement, and pursuant to Existing Development Regulations, subject to the terms, conditions and exceptions contained herein.

## ARTICLE 4.

DEVELOPMENT OF PROJECT AND PROJECT SITE

Section 4.01. Vested Right to Develop. Subject to the terms and conditions stated herein, Developer shall have the vested right to develop the Project and the Project Site as a planned development in accordance with the Existing Development Regulations as of the Effective Date. The City shall use good faith and reasonable efforts to cause all development permits and other approvals which may be required to develop the Project, to the greatest extent permitted by law, and except as herein provided, to be free of: (a) all discretionary acts or review of the City or any body or agency thereof, it being understood that any subsequent review shall be ministerial, as further provided herein; and (b) the application of any subsequent building moratoria or restrictions on development which are inconsistent with this Agreement, including, but not limited to, those related to or affecting the rate, timing, phasing or sequencing of the construction of the Project

Section 4.02. Existing Development Regulations.(a) General Rule and Exception.

(1) In accordance with the provisions of Government Code Section 65866, the City and the Developer, each to the extent legally permissible, agree that during the term of the Agreement, the Existing Development Regulations shall govern the Project with respect to, by way of example, but not limitation, design, density, grading, construction, remodeling, and reconstruction. Except as otherwise provided for herein, no amendment to, revision of, or addition to any Existing Development Regulation, without the Developer's written approval, whether adopted or approved by the City Council or any office, board, or other agency of the City, or by the people of the City through referendum or initiative measure, shall be effective or enforceable by the City with respect to the Project, except as expressly provided below. Developer shall submit an application to the City for approval of a Tentative Map and Final Map (when referred to collectively, the "Map") in accordance with the Subdivision Map Act and Chapter 27 of the Burbank Municipal Code for the purpose of subdividing the Project into various parcels, including the subdivision of the residential component of the Project into condominium units. The City shall process, review, and consider the Map application in accordance with the Existing Development Regulations.

(2) Notwithstanding the foregoing, the City has the absolute right to apply the following new rules, regulations, ordinances, and official policies which may conflict with the Existing Development Regulations to the Project and the Project Site:

a) Current Uniform Building Code and other uniform construction codes to the Project and Project Site throughout the term of this Agreement, provided that:

(i) Such uniform codes shall apply to the Project and Project Site only to the extent that the applicable code (and the applicable version or revision of the code) has been adopted by City and is in effect on a Citywide basis;

(ii) Such uniform codes shall be interpreted and applied to the Project and Project Site in a manner consistent with the express provisions and limits in the particular uniform code provision(s) adopted by City;

(iii) Provision(s) of such uniform codes shall be interpreted and applied to the Project and Project Site in a manner consistent with the generally prevailing interpretation of such provision(s) under the State Building Standards Code; and

(iv) Such uniform codes shall apply only at the time of construction of the particular improvements constituting the Project, and the Developer shall not be obligated retroactively during the term of this Agreement to upgrade or modify any improvements previously constructed on account of modification to uniform building codes.

b) Changes in Federal Law pursuant to Section 4.03 (d);

c) Changes under health and safety laws to the extent they are found by the City, based upon substantial evidence in the record, to be necessary to stop an imminent threat to the health and safety of the public, as it relates to the Project Site and as are generally applicable to all properties in the City.

(b) Police Power. The City, through the exercise of its police power, shall not establish, enact, increase, or impose any laws, ordinances, rules, regulations, or official policies applicable to the Project and/or Project Site which conflict with the Existing Development Regulations, except as authorized herein.

(c) Mitigation Measures Pursuant to CEQA. In connection with the City's approval of any other Project Approval which is subject to CEQA, and to the extent permitted or required by CEQA, the City shall promptly commence and diligently process any and all initial studies and assessments required by CEQA and, to the extent permitted or required by CEQA, the City shall use and adopt the MND, and other existing environmental reports and studies as adequately addressing the environmental impacts of such matter or matters without requiring new or supplemental environmental documentation including requests for amendments to the PD Zoning or this Agreement. The City agrees that no additional CEQA review is required for the PD Zoning, this Agreement and the Conditions of Approval, it being agreed and acknowledged that the MND has adequately disclosed and analyzed the environmental impacts of the Project as reflected in those Project approvals, including appropriate mitigation measures.

The City shall not impose on the Developer any mitigation measures to decrease environmental impacts of the Project other than those referenced in the Conditions of Approval and this Agreement as the Developer's responsibility.

(d) New Laws. Notwithstanding any other provision of this Agreement, this Agreement shall not preclude the City or the voters in the City, by subsequent action, from enacting

or imposing any "New Law" that does not conflict with the Existing Development Regulations (the "Non-Conflicting New Law"). Illustrative of some Non-Conflicting New Law(s) are the following: 1) imposition of new or increased taxes, or city or area-wide assessments; 2) New Laws that are found by the City, based upon substantial evidence in the record, to be necessary to the health and safety of the public, and are generally applicable to all properties in the City; and (3) zoning ordinances which regulate the manner in which business activities may be conducted or which prohibit a particular type of business activity on a city-wide basis, as long as such ordinances or regulations do not conflict with the uses of the Project on the date of such ordinances' or regulations' enactment. To the extent such conflicts do occur, the Project shall be deemed a legal nonconforming use.

All City actions in applying any New Law to the Project and Project Site must be consistent with this Agreement and the Existing Development Regulations. If the City denies any Project Approval on the basis that it does not comply with a New Law that is consistent with this Agreement, the City shall follow the procedures set forth in Section 4.03 of this Agreement.

(e) Processing Fees. Pursuant to law, including without limitation, Government Code sections 66005, 66013, 66014 and 66016 (or their successor section(s)), the City shall charge Developer only those application and processing fees which represent the reasonable costs to the City of processing any application for Project Approvals (the "Processing Fees"). The City may charge the Developer the Processing Fees that are in effect on a Citywide basis at the time an application is submitted for a Project Approval.

(f) Impact Fees. Except as otherwise set forth in this Section 4.02(f), the Developer shall pay City development impact fees that are in effect at the time of issuance of each building permit for the Project. Said fees shall be payable at the time of building permit issuance. The city shall not impose any new categories of impact fees during the term of this Agreement. In addition, the City shall not require any exactions or fees, or impose any further conditions, reservations, dedications, or public improvements other than as set forth or required herein.

(g) Utility Fees. Except as otherwise stated in this Section 4.02(f), the Developer shall pay to the City standard and non-discriminatory utility fees (the "Standard Fees") and other related utility rates including, but not limited to, hook-up charges and aid-in-construction fees, in accordance with the applicable electrical or water rates and rules in effect at the time of application for service or as otherwise set forth in a separate agreement between the Developer and the City.

(h) Dedications. The City shall not require dedication by the Developer of any real property other than the dedication set forth in the Conditions of Approval or required through the Map approval process. Prior to the recordation of the Final Map, the Developer and the City shall jointly determine and agree, and in accordance with this Agreement, on the legal description of any property to be dedicated to the City or for public use pursuant to this Agreement.

(i) Intentionally Reserved.



(j) Insurance. Before beginning construction on the Project Site, and when actual work on the Project is being performed by the Developer, its contractors, and subcontractors, the Developer shall obtain and shall keep in force the insurance described in the following sections (j)1 and (j)2 below. The City (including its respective directors, officers and employees), to the extent such parties have insurable interests, shall be included as an additional insured under all of the policies set forth below. The endorsement shall further provide that the insurer shall provide thirty (30) days written notice to the City prior to any cancellation or reduction in coverage. Said insurance shall include:

(1) Workers' Compensation and Employer's Liability Insurance for all persons employed by the Developer at the Project Site. The Developer shall require its general contractor and each subcontractor to maintain Workers' Compensation and Employer's Liability Insurance for all employees employed by the general contractor or subcontractor at the Project Site. The Developer agrees to indemnify the City and its officers, agents, employees and representatives, for any damage resulting from failure to obtain and maintain such insurance.

(2) General Commercial Liability Insurance having a combined single limit of Five Million Dollars (\$5,000,000) per occurrence, providing coverage for comprehensive general liability (bodily injury and property damage), automobile liability, including owned, hired and non-owned vehicles, blanket contractual liability, and personal injury.

#### Section 4.03. Cooperation/Implementation.

(a) City Efforts.

(1) To the maximum extent permitted by law, the City shall use good faith and reasonable efforts to prevent any New Law from invalidating all or any part of this Agreement. The City agrees to use good faith and reasonable efforts with the Developer to keep this Agreement in full force and effect.

(2) The Developer reserves the right to challenge any New Law should it become necessary to protect the development rights vested in the Project and Project Site pursuant to the Existing Development regulations and this Agreement.

(b) Covenant of Good Faith and Fair Dealing. The City and the Developer shall use good faith and reasonable efforts and shall take and employ all necessary actions to ensure that Developer's vested rights to develop the Project and Project Site, secured by Developer through this Agreement, can be enjoyed, and that Developer's financial and other obligations which benefit the City can occur.

(c) Life of Project Approvals. The term of the Project Approvals (including the Tentative Map (if approved), and Development Review [but not including permits issued for the construction of the Project]) shall automatically be extended for the longer of: (1) the term of this Agreement (2) the term normally given the approval under controlling law.

(d) Changes in the State and Federal Law. Pursuant to Government Code section 65869.5, and notwithstanding any other provision of this Agreement, this Agreement shall not preclude the application to the Project or Project Site of any new law that is required by changes in state or federal laws or regulations ("Changes in the Law"), the terms of which are specifically required to be applied to developments such as the Project. The City shall not apply to the Project any such law or regulation that is inconsistent with this Agreement until the Director makes a finding that such law or regulation is necessary to comply with such Changes in the Law. In the event the Changes in the Law prevent or preclude compliance with one or more provisions of this Agreement, such provisions of the Agreement shall be modified or suspended as may be necessary to comply with the Changes in the Law, and City and Developer shall take such action as may be required pursuant to this Agreement.

(e) Timing of Project Construction and Completion. The Developer generally anticipates developing the Project in accordance with the Construction Schedule attached hereto as Exhibit "C". However, nothing in this Agreement shall be construed as requiring the Developer to develop the Project or any phase thereof, and any failure to develop the Project or any phase thereof shall not be deemed a default by the Developer of the obligations set forth in this Agreement. This Section 4.02(e) shall not be construed to limit in any way Developer's obligations to the Redevelopment Agency of the City of Burbank ("Agency") pursuant to that certain Amended and Restated Owner Participation Agreement between Developer and the Agency, dated December 2, 2004.

(f) Processing.

(1) Upon submission by the Developer of all appropriate applications and processing fees for any Project Approval (such applications and processing fees are collectively referred to herein as the "Application"), the City shall promptly commence and diligently complete all steps necessary to act on the Application, including without limitation: (a) the notice and holding of all required public hearings (if such notice and hearings are required pursuant to Existing Development Regulations or this Agreement); and (b) the approval of the Application to the extent that it complies with this Agreement and the Existing Development Regulations.

(2) The City may deny an Application only if the Application does not comply with this Agreement and the Existing Development Regulations. The City, upon satisfactory completion by the Developer of all required administrative procedures, actions and payments of appropriate processing fees, if any, shall, in a timely fashion, proceed to complete all required steps necessary for the implementation of this Agreement and the development by the Developer of the Project Site. Prior to each request for a building permit, the Developer shall provide the City with a compliance certificate ("Certificate") in a form created by the Developer and approved by the City, which shall describe the Application's consistency with the Project Approvals. The Certificate shall be distributed to relevant City departments for review. The City shall use its best efforts to complete this review within thirty (30) days of a completed Certificate and completed application for building permit.

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(3) If the City denies any such Application for a Project Approval on the basis that it does not comply with a New Law, such New Law must be consistent with this Agreement and the Existing Development Regulations, and the City agrees to specify in writing the basis of its decision. The City and the Developer shall, with due diligence and in good faith, cooperate to require modifications rather than denying any Applications for Project Approvals whenever reasonably possible. Article 5 of this Agreement provides further processing guidelines.

(4) The Developer shall provide the City, in a timely manner, all documents, applications, plans, payments of appropriate processing fees, if any, and other information necessary for the City to carry out its obligations hereunder and shall cause Developer's planners, engineers, and all other consultants to submit, in a timely manner, all required materials and documents therefor. It is the express intent of the Developer and the City to cooperate and diligently work to implement any Applications for Project Approvals that are necessary in connection with the development of the Project and Project Site.

(g) Other Governmental Permits. The Developer shall apply in a timely manner for such other permits, approvals, grants, agreements and other entitlements ("Other Governmental Permits") as may be required by other agencies having jurisdiction over, or in connection with the development of, or provision of services to, the Project and Project Site. The City shall cooperate with the Developer relative to such entitlements.

Section 4.04 General Permitted Uses. The permitted uses, density and intensity of use, maximum height and other development standards and provisions for reservation or dedication of land and other terms and conditions of development applicable to the Project shall be substantially as set forth in the Project Approvals, the Project Report and the Site Plan, except as otherwise provided on Exhibit B, or otherwise modified by the terms and conditions of this Agreement.

Section 4.05 Project Approvals Independent. All Project Approvals which may be granted pursuant to this Agreement, and all land use entitlements or approvals generally which have been issued or will be granted by the City with respect to the Project Site, constitute independent actions and approvals by the City. If any provision of this Agreement, or the application of any provision of this Agreement to a particular situation, is held by a court of competent jurisdiction to be invalid or unenforceable, or if this Agreement terminates for any reason, then such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any such Project Approvals or other land use approvals and entitlements. In such cases, such approvals and entitlements will remain in effect pursuant to their own terms, provisions, and Conditions of Approval. The Developer shall have the right to file such new entitlement applications on portions of the Project where such previously approved approvals and entitlements have expired. Any such new applications filed for the Project shall be reviewed in accordance with the Existing Development Regulations. To the extent not expressly held invalid or unenforceable, this Section 4.05 shall survive the termination of this Agreement.

## ARTICLE 5.

### AMENDMENT

Section 5.01. Amendment of Project Approvals. The Project Approvals from time to time, may be amended or modified in the following manner:

(a) Administrative Amendments. Upon the written request of the Developer, the Community Development Director or his or her designee (the "Community Development Director") shall determine: (1) whether the requested amendment or modification (the "Project Approval Amendment") is minor, as determined by the Community Development Director in his or her sole discretion; and (2) whether the requested Project Approval Amendment is consistent with this Agreement. If the Community Development Director finds that the Project Approval Amendment is both minor and consistent with this Agreement, the Project Approval Amendment shall be determined to be an "Administrative Amendment," and the Community Development Director shall approve the Administrative Amendment without notice or public hearing, and this Agreement and its pertinent exhibits shall be automatically amended without further action by the parties.

(b) Non-Administrative Amendments. Any written request by the Developer for an amendment that is determined by the Community Development Director to be either: (1) not minor, or (2) inconsistent with this Agreement, shall be determined not to be an Administrative Amendment, shall be subject to review, consideration and action pursuant to the Existing Development Regulations and this Agreement, and shall be reflected in an amendment to this Agreement and/or its pertinent exhibits pursuant to Section 5.02 of this Agreement.

(c) Changes to Plans; Appeals. If the Community Development Director determines that a proposed revision to the approved Site Plan is minor, if such revisions do not result in any new, significant, or potentially significant environmental impacts not studied in the MND, and the Community Development Director determines that the proposed revision to the Site Plan is in substantial conformance with the provisions of the Planned Development, the general intent of the approved Site Plan and consistent with this Agreement, the revised plan shall be approved by the Community Development Director without submittal to the Planning Board for review and approval. The decision of the Community Development Director shall be final unless appealed to the Planning Board within ten (10) days from the date of such decision. If the Community Development Director determines that the proposed revision is not in substantial conformance with the approved Site Plan, then the revised plan shall be submitted to the Planning Board for review and action pursuant to this Subsection. Notwithstanding the foregoing, the Community Development Director shall have the discretion to refer consideration of the revised plan to the Planning Board as a report and recommendation item. If the Planning Board determines that the proposed revision is in substantial conformance with the provisions of the Planned Development and the general intent of the approved Site Plan, the revised plan shall be approved by the Planning Board. The decision of the Planning Board shall be final unless appealed to the City Council within ten (10) days from the date of such decision. Before any decision by the Community Development Director is final under this subsection, notice shall be provided by publication at least five days prior to the end of the appeal period.

Section 5.02. Amendment Of This Agreement.

(a) Generally. This Agreement may be amended from time to time in whole or in part by mutual consent of the original parties or their successors in interest, in accordance with this Agreement and Sections 65867, 65867.5, and 65868, of the Government Code.

(b) Administrative Amendments. Notwithstanding subdivision (a) of this Section, any amendment to this Agreement which does not relate to the term, uses other than those permitted by the Planned Development, provisions for reservation and dedication of land, or conditions, terms, restrictions, and requirements relating to subsequent discretionary actions, monetary contributions agreed to by Developer pursuant to this Agreement, or changes to any condition set forth in the Conditions of Approval may be determined by the Community Development Director to be an Administrative Amendment and if so, shall be processed pursuant to Section 5.01(a). A memorandum shall be recorded to reflect such Administrative Amendment.

**ARTICLE 6.**

**COOPERATION IN THE EVENT OF LEGAL CHALLENGE**

In the event of any administrative or legal action, or other proceeding instituted by a third party, including another governmental entity or official challenging the validity of any of the Project Approvals (a "Challenge"), the parties shall cooperate in defending the Challenge. The City shall tender the complete defense of the action to the Developer (the "Tender") and upon the Developer's acceptance of the Tender, the Developer shall indemnify and hold harmless the City from all costs and liabilities arising from such an action or proceeding and shall control the defense. The Developer shall be responsible for only the attorneys' fees owing to the legal counsel that Developer chooses. Should the Developer refuse to accept the Tender by City, the City may defend such action or proceeding, at its sole discretion, and if City so defends, the Developer shall indemnify and hold City harmless from all reasonable attorneys' fees related to such defense. In the event of a Challenge, the City may select its own legal counsel, but would do so at its sole expense.

**ARTICLE 7.**

**DEFAULT; REMEDIES; TERMINATION**

Section 7.01. General Provisions.

(a) Failure or unreasonable delay by the Developer to perform any term, provision, or condition of this Agreement for a period of sixty (60) days after written notice thereof from the City shall constitute a default under this Agreement, subject to extensions of time by mutual consent in writing. The time of notice shall be measured from the date of certified mailing. Said notice shall specify the nature of the alleged default and, where appropriate, the manner and period of time in which said default may be satisfactorily cured. If the nature of the alleged default is such that it cannot reasonably be cured within such 60-day period, the commencement of the

cure within such time period and the diligent prosecution to completion of the cure shall be deemed a cure within such period.

(b) During any period of curing, the Developer shall not be considered in default for the purposes of termination or institution of legal proceedings. If the default is cured, then no default shall exist and the noticing party shall take no further action.

(c) Subject to the foregoing, after notice and expiration of the 60-day period without cure or commencement of cure, the City, at its option, may institute legal proceedings pursuant to this Agreement and may give notice of intent to terminate this Agreement pursuant to Government Code section 65868. Following such notice of intent to terminate, the matter shall be scheduled for consideration and review by the Planning Board and City Council in the manner set forth in Government Code sections 65865, 65867, and 65868, and Burbank Municipal Code Sections 31-19115 and 31-19116.

(d) Following consideration of the evidence presented in said review before the City Council, if the City Council determines to terminate this Agreement, the City shall give written notice of termination of this Agreement to the Developer by certified mail. Written notice of termination of this Agreement shall be effective immediately upon certified mailing to the defaulting party.

(e) Evidence of the Developer's default may also arise in the course of the regularly scheduled Annual Review of this Agreement as described in Section 7.02 of this Agreement.

(f) If the City does not accept, process, or render a decision on the Project Approvals in a timely manner, in accordance with the terms of this Agreement, or the City otherwise defaults under the provisions of this Agreement, Developer, upon a reasonable determination by Developer that the City remains in default after the cure period has elapsed, shall be entitled to exercise its remedies hereunder including, without limitation, the right to terminate or modify this Agreement.

In addition to any other remedies of Developer, Developer may, at its option, terminate or modify the terms of the Agreement to remedy the effect of City's default. If Developer desires to terminate or modify the terms of this Agreement, it shall request a processing of such modification pursuant to Government Code Section 65868 and City staff shall be required to present such requested modifications thereof to the City's Planning Board and the City Council at the earliest available public meeting thereof

#### Section 7.02 Annual Review.

(a) On or before the first anniversary of the Effective Date, and on or before each anniversary date during the term of this Agreement thereafter, the City shall review the good faith compliance by the Developer with the terms of this Agreement. This review shall be conducted by the Director and shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code (a) Section 65865.1, provided that, if the City

Council imposes a mitigation monitoring or reporting program pursuant to CEQA which is to be completed simultaneously with the annual review of this Agreement, then the scope of the annual review may include implementation of ongoing mitigation measures that are the Developer's responsibility pursuant to the MND.

(b) During this review, the Developer shall be required to demonstrate good faith compliance with the terms of this Agreement. At the conclusion of this review, the Director shall in writing make findings and determinations, on the basis of substantial evidence in the record, whether or not the Developer has complied in good faith with the terms and conditions of this Agreement. If the Director finds and determines that the Developer has not complied with such terms and conditions, then the Director shall deliver to the Developer a notice of a public hearing before the Planning Board in accordance with Burbank Municipal Code Sections 31-19114 and 31-19115, and if applicable, before the City Council in accordance with Burbank Municipal Code Sections 31-19115 and 31-19116.

(c) The City shall deliver to the Developer a copy of all staff reports and documents to be used or relied upon in conducting the review and, to the extent practical, related exhibits concerning the Developer's performance hereunder, at least ten (10) days prior to any such periodic review. The Developer shall be permitted to respond, orally at the public hearing and by a written statement, to the City's evaluation of the Developer's performance.

(d) In the event that the City fails to either (1) conduct the annual review or (2) notify the Developer in writing (following the time during which the review is to be conducted) of the City's determination as to compliance or noncompliance with the terms of this Agreement and such failure remains uncured as of sixty (60) days following the anniversary of the Effective Date in any year during the term of this Agreement, such failure shall be deemed an approval by the City of the Developer's compliance with the terms of this Agreement for that Annual Review period.

(e) With respect to any year for which an Annual Review of compliance with this Agreement is conducted and compliance is approved, or with respect to any year in which the City is deemed to approve of the Developer's compliance with this Agreement pursuant to the preceding paragraph, the City, upon request of the Developer, shall provide Developer with a written Notice of Compliance, pursuant to Article 12 of this Agreement.

Section 7.03. Enforced Delay; Extension of Time of Performance. Performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, walk-outs, inability to obtain labor and/or supplies, riots, floods, earthquakes, fires, casualties, acts of God, governmental restrictions imposed or mandated by governmental entities other than the City, enactment of conflicting state or federal laws or regulations, or similar bases for excused performance which are not within the reasonable control of the party to be excused. An administrative or legal/equitable challenge or proceeding addressing the validity of this Agreement, any other Project Approvals, or any permit, approval, agreement or other entitlement or action of a governmental agency necessary or desirable for the development of the Project Site pursuant to this Agreement shall be deemed to create an excusable delay as to the Developer. Upon the request of either party hereto, an extension of time for such cause shall be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon.

Section 7.04. Remedies. In the event that one of the parties defaults under the terms and conditions of this Agreement, the other party shall have all legal rights, including the right to institute a legal action to cure, correct, or remedy any default, to enforce any covenant or agreement herein, to enjoin any threatened or attempted violation thereof, to recover damages for any default, to enforce by specific performance the obligations and rights of the parties hereto, or to obtain any other remedies consistent with the purpose of this Agreement, subject to the dispute resolution provisions herein if a dispute as to an interpretation of this Agreement is in issue. In addition, both City and Developer shall have the right to terminate this Agreement in accordance with Section 7.01(c) and 7.01(f) respectively.

(a) Dispute Resolution; Issuance of Interpretations by the Director. Should a dispute arise between the parties concerning the proper interpretation of this Agreement, the City's Director of Community Development shall issue a written interpretation of the disputed provision of this Agreement within thirty (30) days of receipt of a written request by the Developer, but only after consultation with the City Attorney, any affected City department, the Developer and counsel for the Developer.

(b) Appeals of Interpretations. The Developer may appeal any interpretation issued by the Director of Community Development, or the failure to timely issue an interpretation, to the Planning Board, which shall act within thirty (30) days of receipt of a written appeal. The Developer may appeal any interpretation adopted by the Planning Board, or the failure of the Planning Board to timely adopt an interpretation, to the City Council, which shall act within thirty (30) days of receipt of a written appeal.

(c) Litigation. If the City Council fails to timely render an interpretation within thirty (30) days after a written appeal is filed with the City Council by the Developer, or if the Developer contests the interpretation adopted by the City Council, the Developer may institute legal action, including, but not limited to, an action for declaratory relief pursuant to Code of Civil Procedure Section 1060 et seq, to interpret this Agreement after complying with the administrative procedures of this subsection.

Section 7.04. California Law/Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California. If legal action by either party is brought because of breach of this Agreement or to enforce a provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs. If a legal action is brought by a third party, Article 6 of this Agreement shall apply.

## ARTICLE 8.

### MORTGAGEE PROTECTIONS

#### Section 8.01. Encumbrance of Developer's Interest.

The Developer shall have the absolute right to encumber and/or collaterally assign or grant a security interest in the Developer's right, title and interest in, to and under this Agreement and the



Project Site pursuant to one or more mortgages (each a "Permitted Mortgage"), provided that each such Permitted Mortgage is given for the purpose of securing funds to be used for financing the acquisition of the Project Site or any portion thereof, the construction of the Project thereon, and any other expenditures reasonably necessary and appropriate to develop the Project in accordance with this Agreement. The City acknowledges that a mortgagee may require certain modifications to this Agreement, and the City agrees, upon request, from time to time, to meet with Developer and/or representatives of any such mortgagee to negotiate in good faith any such request for modification. The City further agrees that it will not unreasonably withhold its consent to any such requested modification to this Agreement provided such modifications are processed in accordance with Subsection 8.02 related to procedures for amendment of this Agreement. Any mortgagee and its successors and assigns shall be entitled to the rights and privileges set forth in this section.

Section 8.02. Mortgagee Protections.

Provided that any mortgagee or beneficiary under a Permitted Mortgage (each, a "Mortgagee") provides the City with a conformed copy of each Permitted Mortgage which contains the name and address of such Mortgagee, the City hereby covenants and agrees to faithfully perform and comply with the following provisions with respect to such Permitted Mortgage:

(a) No Termination. No action by the Developer, or the City to cancel, surrender, or materially modify the terms of this Agreement or the provisions of this Article 8 shall be binding upon a Mortgagee without its prior written consent.

(b) Notices. If the City shall give any Notice of Default to the Developer hereunder, the City shall simultaneously give a copy of such Notice of Default to the Mortgagee at the address theretofore designated by it. No Notice of Default given by the City to the Developer shall be binding upon or affect said Mortgagee unless a copy of said Notice shall be given to Mortgagee pursuant to this Section. In the case of an assignment of such Permitted Mortgage or change in address of such Mortgagee, said assignee or Mortgagee, by written notice to City, may change the address to which such copies of Notices are to be sent. City shall not be bound to recognize any assignment of such Permitted Mortgage unless and until the City shall be given written notice thereof, a copy of the executed assignment, and the name and address of the assignee. Thereafter, such assignee shall be deemed to be the Mortgagee hereunder with respect to the Permitted Mortgage being assigned. If such Permitted Mortgage is held by more than one person, corporation or other entity, no provision of this Agreement requiring the City to give notices or copies thereof to said Mortgagee shall be binding upon the City unless and until all of said holders shall designate in writing one of their number to receive all such notices and copies thereof and shall have given to the City an original executed counterpart of such designation.

(c) Performance of Covenants. The Mortgagee shall have the right to perform any term, covenant or condition and to remedy any default by the Developer hereunder within the time periods specified herein, and the City shall accept such performance with the same force and effect as if furnished by the Developer; provided, however, that said Mortgagee shall not thereby or hereby be subrogated to the rights of the City.

(d) Default by the Developer. In the event of a default by the Developer which has not been cured by the Developer or as to which there is no Cure Period hereunder, the City agrees not to terminate this Agreement (1) unless and until the City provides written notice of such default to any Mortgagee and such Mortgagee shall have failed to cure such Default within ninety (90) business days after the later of delivery of such notice or expiration of any applicable Developer cure period, and (2) as long as:

(1) In the case of a default which cannot practicably be cured by the Mortgagee without taking possession of the Property (which defaults shall not include defaults "not susceptible of being cured" as defined below), (a) the Mortgagee has delivered to the City, prior to the date on which the City shall be entitled to give notice of termination, a written instrument wherein the Mortgagee unconditionally agrees that (subject to such delays as may be incident to obtaining a relief from stay in the case of a bankruptcy/dissolution event) it will commence and diligently pursue cure of such default promptly following its obtaining possession and; (b) said Mortgagee shall proceed diligently to obtain possession of the Property (including possession by receiver) (subject to such delays as may be incident to obtaining a relief from stay in the case of a bankruptcy/dissolution event) and, upon obtaining such possession, shall proceed diligently to cure such default; and

(2) In the case of a default which is not susceptible to being cured by the Mortgagee, the Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (subject to such delays as may be incident to obtaining a relief from stay in the case of a bankruptcy/dissolution event) (unless in the meantime it shall acquire the Developer's right, title and interest hereunder, either in its own name or through a nominee, or by assignment or deed of foreclosure) and upon such completion of acquisition or foreclosure such default shall be deemed to have been cured.

The Mortgagee shall not be required to obtain possession or to continue in possession as Mortgagee of the Property pursuant to Subsection 8.02(d)(1) above, or to continue to prosecute foreclosure proceedings pursuant to Subsection 8.02(d)(2) above, if and when such default shall be cured. Nothing herein shall preclude the City from exercising any of its rights or remedies with respect to any other default by the Developer during any period of such forbearance, but in such event the Mortgagee shall have all of its rights provided for herein. If the Mortgagee, its nominee, or a purchaser in a foreclosure sale, shall acquire title to the Developer's right, title and interest hereunder and shall cure all defaults which are susceptible of being cured by the Mortgagee or by said purchaser, as the case may be, then prior Defaults which are not susceptible to being cured by the Mortgagee or by said purchaser shall no longer be deemed defaults hereunder.

References herein to defaults which are "not susceptible of being cured" by a Mortgagee or purchaser (or similar language) shall not, except as provided below, be deemed to refer to any default which the Mortgagee or purchaser is not able to cure because of the cost or difficulty of curing such default, but rather shall be deemed to refer only to defaults specifically relating to the identity of the Developer which by their nature can be cured only by the Developer (such as the owner's bankruptcy/dissolution event or a owner control change).

(e) Foreclosure. Foreclosure of any Permitted Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in a Permitted Mortgage, or any conveyance of the Project from the Developer to a Mortgagee or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of the City or constitute a breach of any provision of or a default under this Agreement, and upon such foreclosure, sale or conveyance, the City shall recognize the purchaser or other transferee in connection therewith as the Developer hereunder provided that such purchaser or transferee assumes, subject to the terms of Section 8.02(d) above, each and all of the obligations of the Developer hereunder pursuant to an assumption agreement satisfactory to the City. If any Mortgagee or its nominee or assignee shall acquire the Developer's right, title and interest hereunder as a result of a judicial or nonjudicial foreclosure under any Permitted Mortgage, or by means of a deed in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action, such Mortgagee shall thereafter have the right to assign or transfer the Developer's right, title and interest hereunder to an assignee upon obtaining the City's consent with respect thereto, which consent shall not be unreasonably withheld or delayed. Upon such acquisition of the Developer's right, title and interest hereunder as described in the preceding sentence by either Mortgagee, or the assignee or nominee of Mortgagee, or the purchaser from Mortgagee, assignee or nominee, the City shall immediately execute and deliver a new agreement or amend this Agreement with such party. Subject to the terms of Section 8.02(d) above, such new agreement or amended Agreement shall be substantially the same in form and content to the provisions of this Agreement, except with respect to the parties thereto, and the elimination of any requirements which have been fulfilled by the Developer prior thereto, and said agreement shall have priority equal to the priority of this Agreement. Upon execution and delivery of such new agreement or amended Agreement, the City shall cooperate with the new Developer, at the sole expense of said new Developer, in taking such action as may be necessary to cancel and discharge this Agreement and to remove the Developer named herein from the Property.

(f) New Agreement. The City agrees that in the event of termination of this Agreement by reason of any default by the Developer, or by reason of the disaffirmance hereof by a receiver, liquidator or trustee for the Developer or its property, the City will enter into a new agreement with the most senior Mortgagee holding a Permitted Mortgage requesting a new agreement, effective as of the date of such termination, in substantially the same form and content as this Agreement, provided:

(1) The senior Mortgagee shall make written request upon the City for the new agreement within sixty (60) days after the date it receives notice of such termination:

(2) The senior Mortgagee shall pay to the City at the time of the execution and delivery of the new agreement any and all sums which would, at the time of the execution and delivery thereof, be due and unpaid pursuant to this Agreement but for its termination, and in addition thereto any expenses, including reasonable attorneys' fees, to which the City shall have been subjected by reason of the event of default;

(3) The senior Mortgagee shall perform and observe all covenants herein contained on the Developer's part to be performed which are susceptible to being performed by the senior Mortgagee, and shall further remedy any other conditions which the Developer under the

terminated Agreement was obligated to perform under its terms, to the extent the same are curable or may be performed by the senior Mortgagee;

(4) Notwithstanding anything to the contrary expressed or implied elsewhere in this Agreement, any new agreement made pursuant to this Section 8.02(f), shall be prior to any Permitted Mortgage or other collateral assignment, pledge, lien, charge or encumbrance on the Developer's interest in this Agreement, to the same extent as the terminated Agreement. The rights granted any Mortgagee to a new agreement shall survive any termination of this Agreement; and

(5) Unless and until the City has received notice from all Mortgagees that the Mortgagees elect not to demand a new agreement as provided in Section 8.03(e) or this 8.02(f), or until the period therefor has expired, the City shall not enter into any new agreement regarding the development of the Property without the prior written consent of any Mortgagee.

(g) No Obligation to Cure. Except as set forth herein, nothing herein contained shall require any Mortgagee to cure any default of the Developer referred to above or to construct or complete the construction of the Project, or to guarantee such construction or completion.

(h) Separate Agreement. The City shall, upon request, execute, acknowledge and deliver to each Permitted Mortgagee, an agreement prepared at the sole cost and expense of the Developer, in form satisfactory to each Permitted Mortgagee, between the City, the Developer and the Permitted Mortgagees, agreeing to all of the provisions hereof.

(i) Form of Notice. Any Mortgagee under a Permitted Mortgage shall be entitled to receive the notices required to be delivered to it hereunder provided that such Mortgagee shall have delivered to each party a notice substantially in the following form:

The undersigned, whose address is \_\_\_\_\_, does hereby certify that it is the Mortgagee (as such term is defined in that certain Development Agreement dated as of \_\_\_\_\_, 2004 between the City of Burbank and Champion Realty, Ltd. [the "Development Agreement"]) of the parcel of land described on Exhibit "A" attached hereto, which parcel is owned by Champion Realty, Ltd. (or Affiliate). In the event that any notice shall be given of a default of a party to the Development Agreement (a "Party"), a copy thereof shall be delivered to the undersigned who shall have the rights of a Mortgagee to cure the same, as specified in the Development Agreement. Failure to deliver a copy of such notice shall in no way affect the validity of the notice to the Party, but no such notice shall be effective as it relates to the rights of the undersigned under the Development Agreement with respect to the Permitted Mortgage, including the commencement of any cure periods applicable to the undersigned, until actually received by the undersigned.

(j) Estoppel Certificate. The City shall execute an estoppel certificate in form and substance reasonably satisfactory to the Mortgagee at the time of the initial advances in

connection with construction, permanent and equity financing and from time to time thereafter, upon the reasonable request of the Mortgagee. This estoppel certificate can be administratively issued by the Director within the time period provided for delivery thereof set forth in Section 12.01 (a) if it is in the form required by Section 12.01 (a).

(k) Limitation of Liability. Upon acquiring title to the Property, the Mortgagee shall have no obligation or liability to the City beyond the Mortgagee's interest, if any, in the Project Site and the City shall look exclusively to such interest in the Project Site for payment and discharge of any obligations imposed upon the Mortgagee under this Agreement or any other document entered into in connection therewith. Mortgagee shall be released and relieved of any liability under the Agreement and under any other document entered into in connection therewith upon the assignment of Mortgagee's rights upon or subsequent to foreclosure of its collateral or acquisition in lieu of foreclosure.

(l) Further Assurances. The City and the Developer agree to cooperate in including in this Agreement, by suitable amendment, any provision which may be reasonably requested by the Mortgagee or any proposed Mortgagee for the purpose of (i) more fully or particularly implementing the Mortgagee protection provisions contained herein, (ii) adding mortgagee protections consistent with those contained herein and which are otherwise commercially reasonable, and (iii) allowing such Mortgagee reasonable means to protect or preserve the security interest of the Mortgagee in the collateral, including its lien on the Project Site and the collateral assignment of this Agreement; provided, however, in no event shall the City be obligated to modify any of the Developer's obligations or the City's rights under this Agreement in any manner not already contemplated in this Article 8.

## ARTICLE 9.

### MISCELLANEOUS

Section 9.01. No Agency, Joint Venture or Partnership. It is specifically understood and agreed by and between the parties hereto that the Project and Project Site development is a private development, and that the Developer shall have full power over and exclusive control of the Project and Project Site, subject only to the obligations of the Developer under this Agreement. The City and the Developer hereby renounce the existence of any form of agency relationship, joint venture or partnership between the City and the Developer and agree that nothing contained herein or in any document executed in connection herewith shall be construed as creating any such relationship between the City and the Developer.

Section 9.02. Severability. If any term, provision, covenant or condition of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual consent of the parties.

Section 9.03. Other Necessary Acts. Each party shall execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out this

Agreement and other Project Approvals in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

Section 9.04. Construction. Each reference in this Agreement and in the other Project Approvals to this Agreement shall be deemed to refer to the named document or plan as such document or plan may be amended from time to time, whether or not the particular reference refers to such possible amendment. This Agreement has been reviewed and revised by legal counsel for both the City and the Developer, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

Section 9.05. Other Miscellaneous Terms. The singular shall include the plural; the masculine gender shall include the feminine; "shall" is mandatory; "may" is permissive. If there is more than one signer of this Agreement, the signers' obligations are joint and several.

Section 9.06. Covenants, No Dedication or Lien. The provisions of this Agreement shall constitute covenants which shall run with the land comprising the Project Site for the benefit thereof, and the burdens and benefits hereof shall bind and inure to the benefit of each of the parties hereto and all successors in interest to the parties hereto for the term of this Agreement. Nothing herein shall be construed as a dedication or transfer of any right of interest in, or as creating a lien with respect to, the title to the Project Site, other than those dedications required herein.

Section 9.07. Cooperation in Carrying Out Agreement. Each party shall take such actions and execute and deliver to the other all such further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

## ARTICLE 10.

### NOTICES

#### Section 10.01. Method of Notice.

(a) Any notice or communication (hereafter, a "Notice") required hereunder by the City or the Developer must be in writing, and may be given either personally, or by registered or certified mail (return receipt requested). If given by registered or certified mail, a Notice shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as a party to whom Notices are to be sent, or (ii) five (5) days after the registered or certified letter containing such Notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered, a Notice shall be deemed to have been given when delivered to the party to whom it is addressed. A courtesy copy of the Notice may be sent by facsimile transmission. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given.

(b) Such notices shall be given to the parties at their addresses set forth below:

If to City to:

City of Burbank  
275 E. Olive Avenue  
Burbank, CA 91502  
Attention: Community Development Director

With a Copy to:

Office of City Attorney  
City of Burbank  
275 E. Olive Avenue  
Burbank, CA 91502  
Attention: City Attorney

If to Developer, to:

Champion Realty, Ltd.  
c/o Champion Development Group, Inc.  
11601 Wilshire Boulevard, Suite 1650  
Los Angeles, CA 90025  
Attention: Robert Champion

With a Copy to:

Resch Polster Alpert Berger LLP  
10390 Santa Monica Boulevard, 4<sup>th</sup> Floor  
Los Angeles, CA 90025  
Attention: Real Estate Notices (RMR and JAR)

## ARTICLE 11.

### ASSIGNMENT

#### Section 11.01. Limitation; Permitted Transfers; Transfer Approvals.

(a) The qualifications and identity of the Developer are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with the Developer. Accordingly, for the period commencing upon the Effective Date until a Certificate of Occupancy for the improvements comprising the Project has been issued, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement ("Transfer") without the prior written approval of the City, except as expressly set forth herein.

(b) Notwithstanding subsection (a) above, City approval of a Transfer shall not be required in connection with any Transfer of the Developer's interests, rights and obligations under this Agreement to an Affiliate. In the event of a Transfer by Developer under this subsection (b) not requiring the City's prior approval, Developer nevertheless agrees that at least thirty (30) days prior to such Transfer it shall give written notice to City of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement as required by subsection (c) below.

(c) The City agrees that it will give reasonable consideration to approving a request for approval of a Transfer in accordance for the standards of such approval set forth below, provided the Developer delivers written notice to the City requesting such approval. Such notice shall be accompanied by evidence regarding the proposed transferee's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the City to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 11.03 and as reasonably determined by the City. The City may, in considering any such request, take into consideration such factors as (i) the quality of any new and/or replacement developer (ii) the transferee's past performance and experience as developer of high-quality mixed-use residential and retail developments (iii) the current financial condition of the transferee, and similar factors.

(d) If all or any portion of this Agreement is transferred by the Developer to any person or entity (a "Transferee"), the Transferee shall succeed to all of the Developer's Rights under this Agreement regarding the Transferred Property. A written assignment and assumption agreement (the "Assignment") in a form approved by the City Attorney, shall be executed by the Transferee, and a copy provided to the City. The Assignment may contain, if appropriate, an allocation of rights and obligations under the Agreement between the Developer and the City. Thereafter, a default under this Agreement by the Developer regarding that portion of the Project Site other than the Transferred Property (the "Remaining Property") shall not be considered or acted upon by City as a default by the Transferee regarding the Transferred Property and shall not affect the Transferee's Rights regarding the Transferred Property. Likewise, a default by a Transferee relating to the Transferred Property shall not be considered or acted upon by the City as a default by the Developer regarding the Remaining Property and shall not affect the Developer's Rights regarding the Remaining Property.

## ARTICLE 12.

### NOTICE OF COMPLIANCE

#### Section 12.01. Generally.

(a) Within thirty (30) days following any written request that the Developer may make from time to time, the City shall execute and deliver to the Developer a "Notice of Compliance," in recordable form, duly executed and acknowledged by the City, that certifies:

(1) That this Agreement is unmodified and in full force and effect, or if there have been modifications hereto, that this Agreement is in full force and effect as modified and stating the date and nature of such modification;



(2) That there are no current uncured defaults under this Agreement or specifying the dates and nature of any such default.

(b) The failure of the City to deliver such a Notice of Compliance within such time shall constitute a conclusive presumption against the City that this Agreement is in full force and effect without modification except as may be represented by the Developer and that there are no uncured defaults in the performance of the Developer, except as may be represented by the Developer. The Developer shall have the right, at Developer's sole discretion, to record the Notice of Compliance.

Section 12.02. City Request.

(a) The City may request that the Developer provide a Notice of Compliance to City pursuant to Section 12.01 of this Agreement. If so requested, the Developer shall follow the procedures prescribed for the City in Section 12.01(a) of this Agreement.

**ARTICLE 13.**

**ENTIRE AGREEMENT, COUNTERPARTS' EXHIBITS, RECORDING**

Section 13.01. Generally. This Agreement consists of forty-three (43) pages and two (2) exhibits, constitutes the final and exclusive understanding and agreement of the parties, and supersedes all negotiations and any previous agreements between the parties with respect to all or any part of the subject matter hereof.

Section 13.02. Waivers. All waivers of the provisions of this Agreement shall be in writing and signed by the parties.

Section 13.03. Exhibits. The following exhibits are attached to this Agreement and incorporated herein for all purposes:

- Exhibit A - Project Site Legal Description
- Exhibit B - Conditions of Approval
- Exhibit C - Construction Schedule

Section 13.04. Recordation of Agreement. No later than ten (10) days after the Effective Date, the City Clerk shall record at the Developer's expense an executed original of this Agreement in the Official Records of the County of Los Angeles.

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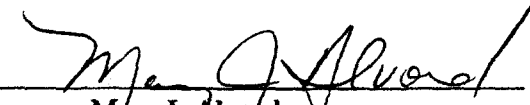
IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto on the day and year first above written.


"CITY"

"DEVELOPER"

CITY OF BURBANK

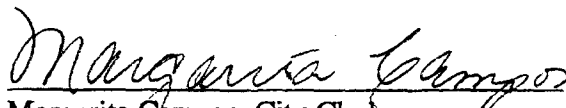
CHAMPION REALTY, LTD.

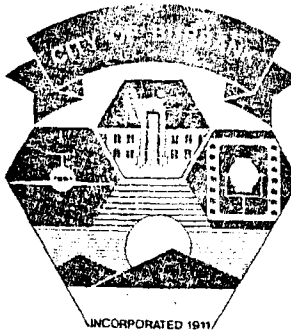
  
Mary J. Alvord  
City Manager

By:   
Robert Champion  
General Partner

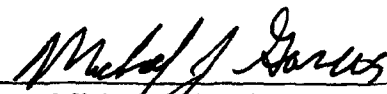
OFFICIAL SEAL

ATTEST:

  
Margarita Campos, City Clerk



APPROVED AS TO FORM FOR CITY  
Dennis A. Barlow, City Attorney

  
By: Michael J. Garcia  
Senior Assistant City Attorney

ACKNOWLEDGMENT FOR  
CITY OF BURBANK

STATE OF CALIFORNIA     )  
  ) ss.  
COUNTY OF LOS ANGELES     )

On January 19, 2005, before me, Dena Moon, a Notary Public in  
and for said state, personally appeared Mary J. Alvord, personally known to me  
(or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed  
to the within instrument and acknowledged to me that he/she executed the same in his/her  
authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon  
behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



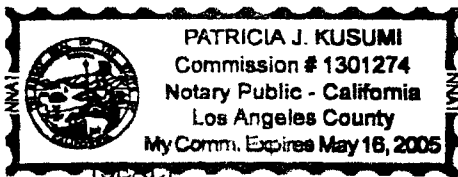
Dena Moon  
Notary Public in and for said State

ACKNOWLEDGMENT FOR DEVELOPER

STATE OF CALIFORNIA     )  
  ) ss.  
COUNTY OF LOS ANGELES     )

On NOVEMBER 23, 2004, before me, PATRICIA J. KUSUMI, a Notary Public in  
and for said state, personally appeared ROBERT D. CHAMPION, personally known to me (or proved  
to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within  
instrument and acknowledged to me that he/she executed the same in his/her authorized capacity,  
and that by his/her signature on the instrument, the person, or the entity upon behalf of which the  
person acted, executed the instrument.

WITNESS my hand and official seal.



Patricia J. Kusumi  
Notary Public in and for said State

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**ACKNOWLEDGMENT FOR DEVELOPER**

STATE OF CALIFORNIA           )  
  ) ss.  
COUNTY OF LOS ANGELES       )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public in and for said state, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public in and for said State

(SEAL)

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**EXHIBIT A  
PROJECT SITE  
LEGAL DESCRIPTION**

The land referred to herein is situated in the State of California, County of Los Angeles and is described as follows:

**Parcel 1:**

That portion of Block 62 of Town of Burbank in the City of Burbank, County of Los Angeles, State of California, as per Map recorded in Book 17, Pages 19 to 22, inclusive of miscellaneous records in the Office of the County Recorder of said county, described as follows:

Beginning at a point in the northwesterly line of said Block 62 that is 13.01 feet southwesterly of the northerly corner of Lot 16 of said block; thence south 41 degrees 17 minutes 45 seconds west along said northwesterly line, 116.00 feet to the beginning of a tangent curve, concave easterly and having a radius of 15.00 feet; thence southwesterly, southerly and southeasterly along said curve 23.55 feet to a point of tangency in a line that is 46.00 feet northeasterly of the center line of First Street as shown on said Map; thence south 48 degrees 40 minutes 38 seconds east along said line 163.51 feet to a line that is parallel with and 178.50 feet southeasterly of the northwesterly line of said block; thence north 41 degrees 17 minutes 45 seconds east along said parallel line 130.99 feet; thence north 48 degrees 40 minutes 38 seconds west 178.50 feet to the point of beginning.

Except therefrom of Lot 16 all oil, gas, hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use or disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof, as provided in Deed recorded September 17, 1985 as Instrument No. 85-1074435, Official Records.

Said land is shown as Parcel 1 on Certificate of Compliance recorded June 3, 1991 as Instrument No. 91-817191, Official Records.

**Parcel 2:**

That portion of Block 62 of Town of Burbank in the City of Burbank, County of Los Angeles, State of California, as per Map recorded in Book 17, Pages 19 to 22, inclusive of miscellaneous records in the Office of the County Recorder of said County, described as follows:

Beginning at the most southerly corner of Lot 4 of said Block 62; thence north 48 degrees 41 minutes 07 seconds west 72.20 feet along the southwesterly line of Lot 4 of said block; thence north 41 degrees 17 minutes 45 seconds east 2.79 feet; thence north 48 degrees 41 minutes 07 seconds west 83.00 feet to the northwesterly line of said block; thence

south 41 degrees 17 minutes 45 seconds west along said northwesterly line 41.40 feet; thence south 48 degrees 40 minutes 38 seconds east 164.33 feet; thence north 41 degrees 17 minutes 45 seconds east 38.63 feet; thence north 48 degrees 41 minutes 07 seconds west 9.13 feet to the point of beginning.

Except therefrom, from the westerly 50 feet of the easterly 100 feet of Lot 2 in said Block 62, all oil, gas and other hydrocarbon substances in and under said land without any right to penetrate, use or disturb the surface of said land, or any portion of said land within 500 feet of the surface thereof, as reserved in Deed recorded December 27, 1989 as Instrument No. 89-2073881.

Said land is shown as Parcel 5 on Certificate of Compliance recorded June 3, 1991 as Instrument No. 91-817191, Official Records.

Parcel 3:

That portion of Block 62 of Town of Burbank in the City of Burbank, County of Los Angeles, State of California, as per Map recorded in Book 17, Pages 19 to 22, inclusive of miscellaneous records in the Office of the County Recorder of said County, described as follows:

Beginning at a point in the northwesterly line of said Block 62 which is 13.01 feet southwesterly of the most northerly corner of Lot 16 of said block; thence parallel with the center line of First Street as shown on said map south 48 degrees 40 minutes 38 seconds east 178.50 feet to a line that is parallel with the northwesterly line of said block; thence north 41 degrees 17 minutes 45 seconds east along said parallel line 36.89 feet; thence south 48 degrees 40 minutes 38 seconds east 20.91 feet; thence north 41 degrees 17 minutes 45 seconds east 139.00 feet; thence north 48 degrees 40 minutes 38 seconds west 20.91 feet; thence north 41 degrees 17 minutes 45 seconds east 48.23 feet; thence north 48 degrees 40 minutes 38 seconds west 178.50 feet to the northwesterly line of said block; thence southwesterly along said northwesterly line 224.12 feet to the point of beginning.

Except therefrom of Lot 16 all oil, gas, hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use or disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof, as provided in Deed recorded September 17, 1985 as Instrument No. 85-1074435, Official Records.

Said land is shown as Parcel 6 on Certificate of Compliance recorded June 3, 1991 as Instrument No. 91-817191, Official Records.

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**EXHIBIT B  
CONDITIONS OF APPROVAL**

**CONDITIONS OF APPROVAL****Planned Development No. 2003-2 with Development Review No. 2003-50  
(The Collection at Downtown Burbank – Champion Development, Developer)**

1. Planned Development No. 2003-2 with Development Review No. 2003-50 authorizes the construction of a mixed use project on the site of the former AMC 14 Theater complex located at 140 East Palm Avenue. The project includes the following uses:
  - 118 condominium units
  - A maximum of 50,000 adjusted gross square feet of retail/restaurant space, of which at least 60% must be retail.
2. The Palm Avenue promenade shall remain open to the public at all times to provide continued pedestrian access to public parking and to Art in Public Places art pieces, should the Art in Public Places be located on the Palm Avenue promenade. Palm Avenue may be utilized as an outdoor entertainment venue including kiosks, outdoor performances, and special events subject to prior approval by the City and Redevelopment Agency, which shall not be unreasonably withheld.
3. Development of the subject project shall be in substantial conformance with the applications, plans and vignettes (stamped as Exhibits B-2 through B-4) submitted by the developer, approved and/or modified by the City Council and placed on file in the office of the Planning Division, except as modified by the conditions herein, or by subsequent modifications determined by the City Planner to be in substantial compliance with these Conditions of Approval.
4. The architectural design shall be in substantial conformance with the plans and architectural renderings presented to the Planning Board at its hearing of October 11, 2004 and the City Council at its hearing of November 23, 2004. Any substantial architectural or design changes require the review and approval of the Planning Board and the City Council; minor changes may be approved by the Community Development Director.
5. The developer shall comply with all federal, state and local laws. Violations that are not cured within the applicable cure period set forth in the Development Agreement or conviction of any of those laws in connection with the use will be cause for revocation of this Planned Development.

*Planning Division*

6. The project shall be a mixed use development with retail, restaurant, and residential units being constructed on the site. With the exception of any pedestrian lobbies, entry areas, and storage areas for the residential uses, all residential components of the project shall be located on upper floors. All other at grade tenant spaces located along the Palm Avenue promenade and First Street shall be reserved for commercial use.



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7. All residential units proposed as part of this project shall be condominiums subject to approval of a Tentative and Final Map. Prior to issuance of a certificate of occupancy, the developer shall have submitted a Tentative and Final Map to the City for review and approval.
8. Permitted, Conditional, and Prohibited Uses of Planned Development No. 2003-2 are attached to this Exhibit.
9. Uses permitted may be modified subject to administrative review, based on the mixed-use nature of the project and maintenance of the percentages of provided uses and the mixed-use dynamic of the approved project. This administrative review should be in compliance with the approved "Traffic and Parking Impacts Analysis for the Collection," and with all provisions of the California Environmental Quality Act (CEQA).
10. Should the project include a Restaurant/Drinking Establishment, as defined in Burbank Municipal Code Section 31-203, an Administrative Use Permit shall be required, as shown in the List of Permitted and Conditional Uses and the establishment shall comply with all requirements of Burbank Municipal Code Section 31-1116 (12), and as may be amended from time to time.
11. In order to insure a pedestrian orientation to First Street, the proposed retail area located on the First Street level at the intersection of First Street and Palm Avenue shall be retained. The size of such space may be decreased in size in order to provide additional parking areas provided that the linear frontage of retail space remains as shown on the submitted plans.
12. The total minimum parking provided for the project is 734 spaces (236 spaces for the residential units, 222 spaces for the retail/restaurant uses, and 276 surplus parking spaces for the Downtown area). The minimum width of the residential parking spaces shall be 8'-6". All other parking spaces shall be at least nine (9) feet wide. No compact parking spaces are permitted within the project.
13. Parking designated for residential units shall be physically separated, by a gate or other structure, from commercial and public parking spaces. Any residential parking spaces that are not located within a gated area must be otherwise secured to the satisfaction of the Community Development Director. Each unit shall be provided with two (2) parking spaces.
14. The commercial and public parking spaces shall remain available for shared tenant and public use at all times within those hours designated by the Public Works Director and Community Development Director for the Downtown Area, to prevent loitering and to allow for cleaning.
15. The Developer shall be permitted to identify up to forty (40) parking spaces for the use of the anchor retail tenants. The parking spaces shall not be subject to additional enforcement provisions (e.g. separate metering) above and beyond those generally permitted within the

parking structure. The spaces shall be identified by signage only and located to the satisfaction of the Community Development Director.

16. The parking structure constructed for this project is to be integrated with the existing public parking structure along Orange Grove Avenue. The developer shall, to the satisfaction of the Community Development Director, use commercially reasonable and good faith efforts to insure that the Orange Grove parking structure remains available for use during construction with minimal impact on the parking within the structure.
17. The developer shall equip the parking structure being constructed as part of the project and the existing parking structure on Orange Grove Avenue with "smart signage", including external signing to notify patrons of a full garage and the signing shall identify alternative parking destinations. The "smart signage" system shall have the ability to be integrated with a larger system for the downtown parking structures. All signage shall be approved by the Traffic Engineer.
18. Hours of construction are limited to between 7:00 a.m. and 6:00 p.m., Monday through Friday. Interior tenant improvements and other interior construction activities may be exempted from these restrictions with the approval of the Community Development Director.
19. The developer shall obtain Community Development Department Director approval that the final design of all structures within the Collection at Downtown Burbank project satisfy the requirements Burbank Municipal Code Section 31-1113.1(d). [All building elevations fronting on public streets or residentially zoned lots shall contain elements designed for the purpose of providing visual variation including expressed floor or surface breaks, balconies, projections, recesses, awnings, and horizontal setbacks].
20. A construction truck route plan, identifying truck routes along major arterials avoiding residential streets, and the frequency and hours of operation shall be prepared prior to approval of any demolition, grading or building permits and approved by the Public Works Director. The plan shall demonstrate avoidance of congested roadways and sensitive receptors (e.g., residential areas) and minimizing trips and trip lengths to the extent feasible.
21. The developer shall provide a site plan, to the Police Department representative and the Public Works Director's satisfaction, which shows sufficient off-street parking locations for construction employees and equipment so as not to impact the local residential community or nearby businesses, and require contractors to prepare a trip reduction plan for construction crew vehicles to reduce potential vehicle trips on the road. The developer shall place such language (dealing with parking and trip reduction) in all contractor agreements.
22. The developer shall comply with all Mitigation Measures listed in the Mitigated Negative Declaration, and as listed below:

*Air Quality*

- a. Prior to issuance of a grading permit, the developer shall submit a Fugitive Dust Control Plan for approval by the Building Official. The plan shall include:
  - Designation and retention, during rough grading and excavation activities, of a full-time, on-site monitoring firm that is experienced in environmental control, applicability and compliance with AQMD Rules 402 and 403, recommended dust control including fugitive dust sources, dust control measures implementation responsibility, and monitoring responsibility;
  - A site air monitoring program including meteorological stations, personal dust monitoring, site perimeter and dust monitoring, implementation responsibility, and a response to monitoring findings;
  - A description of the best high wind control measures and track-out controls;
  - A schedule of bi-weekly reports to be submitted to the Building Official for approval including a summary of activities, a description and location of inactive areas, a record of visible dust emissions, a record of high wind conditions, and a list of mitigation measures for any unexpected problems.
- b. Prior to issuance of a grading permit, the developer shall submit a plan for approval by the Community Development Department and Public Works Department indicating:
  - The type, location and extent of all track-out control paving;
  - The locations and type of all track-out control devices and procedures;
  - The boundaries of public paved surface to be maintained by sweeping or vacuuming;
  - The number of water trucks provided;
  - The number, type, make, and model of equipment and vehicles used.
- c. Prior to issuance of grading permits, the developer shall include the following measures on the construction plan and in all construction contracts to the satisfaction of the Community Development Director:
  - The construction contractor shall select the construction equipment used on site based upon the optimum equipment necessary for the job, while selecting equipment based upon low emission factors and a high level of energy efficiency as reported by the Federal Government
  - The construction contractor shall ensure that construction grading plans include a statement that all construction equipment will be tuned and maintained in accordance with the manufacturer's specifications.
  - The construction contractor shall time the construction activities so as not to interfere with peak hour traffic and minimize obstruction of through traffic lands adjacent to the project site; if deemed necessary by the Community Development Director, a flag person shall be retained to maintain safety adjacent to adjacent existing roadways.
  - The construction contractor shall provide ridesharing incentives and transit incentives for the construction crew, such as free bus passes.
- d. Prior to issuance of building permits, the Construction Contractor shall verify, to the satisfaction of the Community Development Director, that the project will utilize, to the extent possible, precoated/natural colored building materials, water based or low volatile organic compound (VOC) coatings, and coating transfer or spray equipment

with high transfer efficiency, such as high volume low pressure (HVLP) method, or manual coatings application

- e. Construction related exhaust and dust emissions shall be controlled through the use of energy efficient equipment that produces low particulate and nitrogen oxides emissions.
- f. All grading, excavation, and other activities involving the use of fossil fuel powered equipment shall cease during second and third stage smog alerts as designated by the SCAQMD.
- g. Use a water truck during grading. Wetting twice a day will reduce particulate emissions (dust) by approximately 50 percent. All unpaved demolition and construction areas are to be wetted as necessary during excavation to reduce dust emissions and meet SCAQMD Rule 403.
- h. Non-toxic soil stabilizers shall be applied to inactive areas pursuant to manufacturer's specifications.
- i. Cease grading and water truck use during periods when wind speeds exceed 25 mph.
- j. The project shall be designed and operated to conserve energy in keeping with Title 24 requirements.
- k. Prior to issuance of a grading permit, the developer shall submit a truck haul route plan for approval by the Traffic Engineering Division of the Public Works Department.
- l. All trucks hauling dirt, sand, soil, or other loose material shall be covered or shall maintain at least two (2) feet of freeboard.

#### *Noise*

- m. Hours of construction are limited to between 7:00 a.m. and 6:00 p.m., Monday through Friday. Interior tenant improvements and other interior construction activities may be exempted from these restrictions with the approval of the Community Development Director.
- n. To ensure that construction personnel are aware of the restricted construction times, the developer shall install professionally made sign(s) 2 ft. X 3 ft. in size in location(s) satisfactory to the City Planner that states, "NOTICE: THE CITY OF BURBANK LIMITS EXTERNAL CONSTRUCTION ACTIVITIES OF THIS PROJECT (DEMOLITION, EXCAVATION, GRADING, ACTUAL CONSTRUCTION AND LANDSCAPING) TO ONLY MONDAY THROUGH FRIDAY FROM 7:00 AM TO 6:00 PM."

23. Unless otherwise stated, the project shall comply with all applicable standards of the Burbank Municipal Code (BMC), including, but not limited to, those applicable standards of the R-4 zone (BMC Section 31-645 et. seq.) and the City's multifamily design standards (BMC Section 31-1113). The following exceptions to Municipal Code standards are authorized for this project:

- *Setbacks* (BMC Secs. 31-2531(a) and 31-705(c)(2)) - In-lieu of the required 14' setback, the project shall maintain a minimum setback of 13' from the face of curb along First Street.

- *Multifamily Design Standards* (BMC Section 31-1113) – The Community Development Director may administratively approve minor deviations from any standards of this section provided that the proposed design is consistent with the overall intent of the ordinance and approved plans based upon the project's mixed-use nature and location within the Downtown area.
- *Guest Parking* (BMC Section 31-645(g)) – In lieu of the twenty-four (24) separate guest parking spaces required for a 118 unit project, the project will incorporate guest parking into the commercial and public parking spaces as a shared use in accordance with the approved parking study.
- *Tandem Parking* (BMC Section 31-1404(6)) – The developer may use tandem parking spaces for all traditional one (1) bedroom unit and those loft units determined by the Community Development Director to be of a one (1) bedroom nature.
- *Exterior Signage* (BMC Sec.31-1008 and 31-1009) The developer may have signage that does not comply with Burbank Municipal Code requirements by submitting signage plans for approval by the Community Development Director. The project shall be permitted to include advertising signs as shown on the approved plans and such additional locations not shown on the plans (i.e. the parking garage) subject to the approval of the Community Development Director). For the purpose of this approval, these signs may be utilized to advertise products being sold in either this project or the Burbank Entertainment Village project. The signs may be internally illuminated.
- *Blinking or Flashing Signage* (BMC Section 31-1013(11)) The developer may utilize blinking or flashing signage on the façade of the building facing the box office of the theater subject to the reasonable approval of the Community Development Director.
- *Loading Spaces* (BMC Sec. 31-1501) – The project shall provide two (2) loading spaces in lieu of the three (3) loading spaces required based upon project floor area. All loading spaces shall meet minimum City requirements for size and clearance.
- *Landscaping* – The proposed design includes zero lot line setbacks. Therefore, no landscaping is proposed. However, developer will work with staff to provide additional landscaping along the Palm Avenue and First Street Frontages subject to the approval of the Community Development Director and the Park & Recreation Director.
- *Common Open Space* (BMC 31-645(i)(6)) – The developer may include those portions of Palm Avenue that are within the developer's property to satisfy this requirement.
- *Private Open Space* (BMC 31-645(j)) – In lieu of providing at least fifty (50) square feet of private open space for each units, an average of fifty (50) square feet per unit of private open space shall be provided.
- *Entries* (BMC 31-1113(b)(5)) – The pedestrian entry to the residential units is permitted from the paseo running parallel to San Fernando Boulevard on the east side of the project subject to the developer obtaining appropriate easements.

24. The developer shall comply with all current and future policies and/or programs adopted by the City Council that are generally applicable to the management of parking within the Downtown Area with respect to the non-residential uses on the property.
25. Valet parking shall not be permitted for the project unless it is part of an overall valet parking program serving the whole of the Downtown Area and sponsored and/or approved by the City Council as part of an overall Parking Management Plan for the Downtown.
26. A rideshare board shall be installed and maintained within the common area of the residential portion of the project. The board should provide opportunities for people interested in carpooling as well as applicable schedules for adjacent transit operations (e.g. Metrolink and MTA bus routes).
27. The Palm pedestrian plaza shall be improved with additional seating and landscaping to the satisfaction of the Community Development Director.
28. Up to twelve (12) feet of the portion of Palm pedestrian plaza owned by the developer in front of any restaurant uses may be utilized for outdoor dining with approval of the Community Development Director, which shall not be unreasonably withheld, subject to the Developer maintaining existing easements and fire lane clearances.
29. All loading areas shall be designed and operated to accommodate the needs of both the residential and commercial tenants on the site.
30. No signs shall be installed on the roof the building.
31. In order to enhance the pedestrian character of the project, the receiving and trash area shall be redesigned to minimize the width of driveway aprons along First Street.
32. The developer shall install a ventilation system designed to capture vehicle exhaust such that residential units are not impacted by exhaust resulting from engine emissions within the parking structure to the satisfaction of the Community Development Director.

*Redevelopment Agency*

33. All plans, building materials, colors, decorative elements, Art-in-Public Places components, and any other exterior design features shall be reviewed and approved by Assistant Executive Director of the Redevelopment Agency. The developer shall work with Agency staff on the quality of materials, colors, signage, architectural and landscape design
34. A minimum of twelve and one half (12.5) percent of the units constructed shall be made affordable for moderate income buyers.

35. Restaurant space shall not exceed forty (40) percent of the total retail space. The project must have at least two retail anchors of 5,000 square feet or more. Food courts commonly found in shopping centers are prohibited.
36. Rezoning will not be effective until the developer closes escrow on the parcel(s) within the project site.
37. Design elements shall be incorporated along the exterior elevations that provide visual relief and interest at a pedestrian scale. Design shall be consistent with the downtown entertainment environment.
38. The developer shall provide an underground electrical distribution system for street tree uplighting.
39. During construction of the project's portion of the pedestrian plaza along Palm Avenue, the developer shall make good faith and commercially reasonable efforts to match existing colors and materials that have been utilized in the existing Palm Avenue pedestrian plaza.
40. Developer shall pay for all off site and on site improvements including temporary and permanent services to immediately adjacent properties as needed.

#### *Building Division*

41. All permits, with the exception of electrical, plumbing, HVAC, and mechanical permits, shall be reviewed and approved by the Planning Division and Redevelopment Agency staff.
42. All equipment locations and screening structures shall meet the Community Development Department Equipment Screening Guidelines.

#### *Parks, Recreation, and Community Services*

43. The developer shall submit landscape and irrigation plans prepared by a licensed landscape architect for review and approval by the Parks and Recreation Director and Community Development Director. Except as otherwise authorized by this approval, the landscaping shall comply with commercial standards.
44. All common open spaces areas within the residential portion of the project shall be landscaped in accordance with multifamily residential landscape standards subject to review and approval by the Parks and Recreation Director and Community Development Director.

#### *Police Department*

45. Secure fencing around the construction site shall be installed during construction to prevent trespassing and theft.

46. Lighting in all pedestrian areas shall be an average of two (2) footcandles per square foot to allow free pedestrian movement and to provide a general feeling of security in the area to the satisfaction of the Chief of Police.
47. Lighting in the parking structures shall be an average of two (2) footcandles per square foot to provide good visibility while driving and also to provide a feeling of security while parked or walking in the structure to the satisfaction of the Chief of Police.
48. A low power repeater system shall be installed in the parking structure subterranean area for safety service communication systems to function properly.
49. Required lighting devices shall have vandal resistant covers.
50. Preventive measures should be taken to secure any entrances to the buildings from the parking structures to prevent the possibility of theft or burglary from the buildings.
51. The architectural design and landscaping shall allow an unobstructed view, from public rights-of-way, of all ground level doors and windows.
52. All exterior doors, other than primary entry doors, should be self-closing, latching and self locking to prevent trespassing.
53. Traffic signs installed in this area should be highly visible to prevent possible confusion.
54. During construction, the Police Department shall be given emergency contact information of contractors and owners for any problems encountered after normal construction hours.
55. Maps of the complex shall be furnished to the Police Department upon completion of construction. The maps shall include building identification and unit identification.
56. At each entrance to the residential portion of the project, there shall be a weatherproof, illuminated diagrammatic representation (plot plan) of the complex which shows the location of the viewer and the building units within the complex. The scale shall be drawn to 1/8" scale or larger and shall not be less than 8½" X 11".
57. Stairwells, the interiors of which are not completely visible when entering, shall have mirrors to make visible the whole stair well interior to pedestrians outside.
58. Address numbers shall be displayed on the roof of the building to the satisfaction of the Police Chief.

*Public Works Department*

59. Prior to issuance of a Building Permit, all off-site improvement plans within the public right-of-way shall be approved by the Public Works Director.



60. If warranted by traffic counts and required by the Traffic Engineer, the developer shall provide an exclusive right turn lane on First Street in the northbound direction at the driveway to the parking structure. The design of this lane shall be to the satisfaction of City Traffic Engineer.
61. A manhole must be installed at the sewer main connection on all laterals greater than six (6) inches in diameter per City of Burbank standards.
62. A sewer study analyzing how the proposed project will impact the wastewater flows and assessing the existing sewer lines ability to accommodate the proposed project must be performed. All project modification noted in the study must be completed prior to any sewer mainline connections.
63. Adequate on-site landing areas shall be provided to prevent crowding at pedestrian exists connecting to the public sidewalks.
64. Access easements shall be provided to any required loading areas for adjacent properties.
65. All ingress and egress driveways on First Street shall be right turn only. The developer shall install a median island, with a minimum width of four (4) foot, along First Street starting from Palm Street southerly to block all other prohibited movements. The developer may be required to change the existing striping on First Street to accommodate this median island.
66. All service routes shall be constructed to provide turning radii and width sufficient for the largest vehicle expected to use route to the satisfaction of the Traffic Engineer.
67. All service vehicle routes longer than 150 feet shall provide egress to a public street in a forward manner. No vehicles may block public sidewalks or streets.
68. Freeway "trailblazer" signs shall be installed from parking structure exits to the freeway entrances.
69. Parking stalls against walls, fences, or other obstructions shall be a minimum of ten (10) feet wide. End stalls shall be at least eleven (11) feet wide.
70. The Traffic Engineer retains the right to restrict any and all street parking on First Street for visibility and access.
71. Points of vehicular ingress and egress shall not disrupt the normal flow of traffic on public rights-of-way. Signs and/or physical barriers restricting certain movements may be required if deemed necessary by the Traffic Engineer.

*Burbank Water and Power – Water Division*

72. The developer shall be responsible for paying a Water Main Replacement Fee for water main upgrades on the First Street frontage.

*Burbank Water and Power – Fiber Optic Section*

73. A two (2) inch conduit for future fiber optic service to the development shall be included in the design.

*Burbank Water and Power – Electrical Division*

74. The developer shall replace existing octaflute streetlight standards along the northerly side of Orange Grove Avenue between First Street and San Fernando Boulevard with low level streetlights. The developer will be responsible for the installation of a complete underground streetlight system and its power supply, including street lighting bases, pull boxes, and conduits to the satisfaction of Burbank Water and Power.
75. The developer shall provide a ½" conduit with 4-pair category 3 minimum communication wire from the telephone demarcation point to the metering room/service panels for connection of each service panel for the Automatic Remote Meter reading.

**PARTIAL LIST OF CODE REQUIREMENTS****Planned Development No. 2003-2 with Development Review No. 2003-50  
(The Collection at Downtown Burbank – Champion Development, Developer)**

1. The developer shall comply with all applicable provisions of the Burbank Municipal Code and obtain all necessary permits as required for the project.
2. The developer shall comply with the 2001 Editions of the California Building Code and Burbank Municipal Code Amendments.
3. The project shall comply with all applicable provisions of the National Pollutant Discharge Elimination System.
4. Acoustical reports are required for all multifamily residential projects within the noise contour zones as published in the City of Burbank Noise Element.
5. Each condominium unit shall be provided with a minimum of sixty (60) cubic feet of locatable enclosed storage space. [BMC 31-669(c)] The 60 cubic feet of required storage will be in the garage or in another common area outside of the unit.
6. Fire apparatus access roads shall be provided in accordance with Sections 901 and 902.2 of the Uniform Fire Code.
7. Mid-rise buildings shall be accessible on a minimum of two sides. [BMC 15-902-2.2.2.7]
8. Developer shall protect in place all survey monuments (City, County, State, Federal, and private). Any monument that requires removal shall be reestablished as approved by the Deputy City Manager/Public Works and Capital Projects. [State of California, Business and Professions Code, Section 8771].
9. Broken, uneven, or sub-standard sidewalk, driveway, curb, and gutter shall be replaced to the satisfaction of the City Engineer [BMC 26-501].
10. No structure is permitted in any public street or alley or within any public utility, storm drain or sewer easement located within the property. [BMC 7-104, 26-701.1]
11. No person shall connect to or tap an existing public sewer without obtaining a permit. [BMC 25-301]
12. All exterior lighting shall be directed away from the view of drivers on public streets. [BMC-31-1420]

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# LIST OF USES

## Planned Development No. 2003-2

<i>Land Use</i>	<i>PD No. 2003-2</i>
Alcoholic beverages – sale & consumption, on/off premises per 31-1116	CUP
Amusement enterprise	CUP
Appliance store	P
Arcade – pursuant to 31-1115	CUP
Art gallery	P
Art shop	P
Auction – in c.e.b.	CUP
Automated teller machine (Freestanding)	P
Bakery	P
Bank	CUP
Barber shop	P
Beauty salon	P
Beauty supply store	CUP
Bicycle sales	P
Billiard parlor	CUP
Book store	P
Camera shop – incidental film development	P
Candy store	P
Catering services (incidental to restaurant use)	P
Clay products mfg. – kiln not to exceed 8 cu. Ft.	CUP
Clothing store	P
Cocktail lounge/bar pursuant to 31-1116	CUP
Dance hall – in c.e.b.	CUP
Department store	P
Drugstore	P
Dry cleaning agency – no on-site dry cleaning	CUP
Florist	P
Grocery/Market	CUP
Hardware store	CUP
Ice cream shop	P
Museum	P
Nightclub, pursuant to 31-1116	CUP
Off-street parking lot or structure	P
Personal or physical arts studio	CUP
Personal wireless telecommunications facility per 31-1118	P
Pet shop – including grooming	CUP
Photocopy service, with incidental printing	CUP
Photographer	P
Picture frame store	P
Post office	P
Public utility facility	CUP
Residential – multifamily, for sale	P
Restaurant	P
Restaurant/Drinking Establishment, see 31-1116	AUP
Restaurant with incidental alcohol, see 31-1116	P
Retail store/sales	P

05 0189689

49

<i>Land Use</i>	<i>PD No. 2003-2</i>
Shoe shine shop	P
Studio – art and graphic arts	P
Theater – outdoor, no permanent seating	P

c.e.b – Within Completely Enclosed Building

CUP – Conditional Use Permit Required

AUP – Administrative Use Permit Required

P – Permitted Use

Note: Any uses not listed are prohibited

60

**EXHIBIT C  
CONSTRUCTION SCHEDULE\***

- |    |   |    |  |
|----|---|----|--|
| 1. | Developer commences construction of Project | 1. | By November 30, 2005.  |
| 2. | Developer completes construction of Project | 2. | No later than 24 months after commencement of construction+. |

\* Subject to Section 4.03(e)

+ Subject to "Force Majeure" as that term is defined in the Amended and Restated Owner Participation Agreement between Developer and the Redevelopment Agency of the City of Burbank.

## **MARSHALL & SWIFT ADDENDUM**

Estimate Number : 615  
 Estimate ID : N2632  
 Property Owner : The Collection  
 Property Address : 140 Palm Drive  
 Property City : Burbank  
 State/Province : CA  
 ZIP/Postal Code : 91502

## Section 1

### Occupancy

	<u>Class</u>	<u>Height</u>	<u>Rank</u>
100% Underground Prkg Structure	Reinforced concrete frame	8.00	2.0
Total Area	: 83,000		
Number of Stories (Section)	: 1.00		
Shape	: 2.00		

### Components

	<u>Units/%</u>	<u>Other</u>
HVAC (Heating):		
Ventilation	100%	
Elevators:		
Passenger #	1	
Sprinklers:		
Wet Sprinklers	100%	

## Section 2

### Occupancy

	<u>Class</u>	<u>Height</u>	<u>Rank</u>
100% Parking Structure	Reinforced concrete frame	8.00	2.0
Total Area	: 117,000		
Number of Stories (Section)	: 3.00		
Shape	: 2.00		

### Components

	<u>Units/%</u>	<u>Other</u>
HVAC (Heating):		
Ventilation	100%	
Elevators:		
Passenger #	1	
Sprinklers:		
Wet Sprinklers	100%	

Cost as of 07/2005

	<u>Units/%</u>	<u>Cost</u>	<u>Total</u>
Basic Structure			
Base Cost	200,000	34.92	6,983,200
Exterior Walls	200,000	8.37	1,673,520
Heating & Cooling	200,000	0.67	134,340
Elevators	2	54,903.50	109,807
Sprinklers	200,000	1.81	362,980
Basic Structure Cost	200,000	46.32	9,263,847



Estimate Number: 615  
Estimate ID: N2632

## Section 1

### Occupancy

	<u>Class</u>	<u>Height</u>	<u>Rank</u>
100% Underground Prkg Structure	Reinforced concrete frame	8.00	2.0
Total Area	: 83,000		
Number of Stories (Section)	: 1.00		
Shape	: 2.0		

### Components

	<u>Units/%</u>	<u>Other</u>
HVAC (Heating):		
Ventilation	100%	
Elevators:		
Passenger #	1	
Sprinklers:		
Wet Sprinklers	100%	

Cost as of 07/2005

	<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost New</u>	<u>Less Depreciation</u>	<u>Total Cost Depreciated</u>
Basic Structure					
Base Cost	83,000	45.68	3,791,440	0	3,791,440
Exterior Walls	83,000	9.21	764,430	0	764,430
Heating & Cooling					
Ventilation	83,000	0.66	54,780	0	54,780
Elevators					
Passenger #	1	48,858.00	48,858	0	48,858
Sprinklers					
Wet Sprinklers	83,000	1.85	153,550	0	153,550
Basic Structure Cost	83,000	57.99	4,813,058	0	4,813,058

Estimate Number: 615

Estimate ID: N2632

**Section 2****Occupancy**

	<u>Class</u>	<u>Height</u>	<u>Rank</u>
100% Parking Structure	Reinforced concrete frame	8.00	2.0
Total Area	: 117,000		
Number of Stories (Section)	: 3.00		
Shape	: 2.0		

**Components**

	<u>Units/%</u>	<u>Other</u>
HVAC (Heating):		
Ventilation	100%	
Elevators:		
Passenger #	1	
Sprinklers:		
Wet Sprinklers	100%	

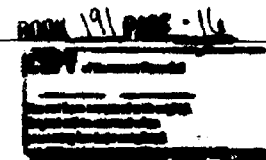
Cost as of 07/2005

	<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost New</u>	<u>Less Depreciation</u>	<u>Total Cost Depreciated</u>
Basic Structure					
Base Cost	117,000	27.28	3,191,760	0	3,191,760
Exterior Walls	117,000	7.77	909,090	0	909,090
Heating & Cooling					
Ventilation	117,000	0.68	79,560	0	79,560
Elevators					
Passenger #	1	60,949.00	60,949	0	60,949
Sprinklers					
Wet Sprinklers	117,000	1.79	209,430	0	209,430
Basic Structure Cost	117,000	38.04	4,450,789	0	4,450,789

## **RECORDED PARCEL BOUNDARIES ADDENDUM**

**PROPOSED BOUNDARIES OF  
CITY OF BURBANK  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
(The Collection Public Parking Facility)  
COUNTY OF LOS ANGELES  
STATE OF CALIFORNIA**

35 2246211



SEP 14 2005

SEP 14 2005

Sept 14, 2005

(1) Filed in the office of the City Clerk of the City of Burbank this 14<sup>th</sup> day of September, 2005.

Margarita Campos

Margarita Campos  
City Clerk, City of Burbank

(2) I hereby certify that the within map showing the proposed boundaries of City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility), City of Burbank, County of Los Angeles, State of California, was approved by the Council of the City of Burbank at a regular meeting thereof, held on this 13<sup>th</sup> day of September, 2005, by its Resolution No. 27,069.

Margarita Campos

Margarita Campos  
City Clerk, City of Burbank

(3) Filed this \_\_\_\_ day of \_\_\_\_\_, 2005, at the hour of \_\_\_\_ o'clock \_\_\_\_ m, in Book \_\_\_\_ of Maps of Assessment and Community Facilities Districts at Page \_\_\_\_ and as Instrument No. \_\_\_\_ in the office of the County Recorder in the County of Los Angeles, State of California.

Conny B. McCormack  
Registrar-Recorder/County Clerk,  
County of Los Angeles

By \_\_\_\_\_  
Deputy

Fee \_\_\_\_\_

Exempt recording requested,  
per CA Government Code §6103

SHEET 2 OF 2

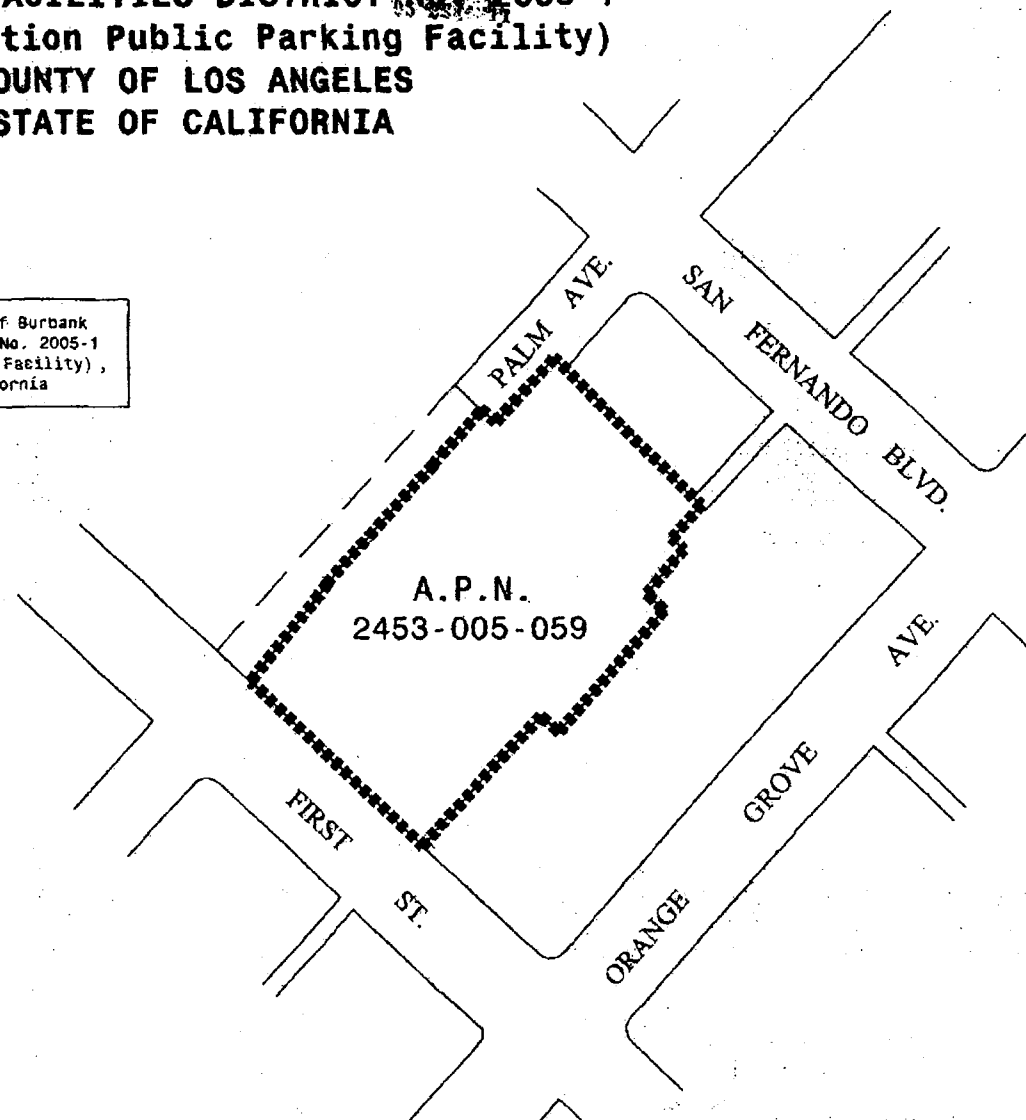
**PROPOSED BOUNDARIES OF  
CITY OF BURBANK  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
(The Collection Public Parking Facility)  
COUNTY OF LOS ANGELES  
STATE OF CALIFORNIA**

**LEGEND**

Proposed Boundaries of City of Burbank  
Community Facilities District No. 2005-1  
(The Collection Public Parking Facility),  
Los Angeles County, California



Reference is hereby made to the Assessor maps of the  
County of Los Angeles for a description of the lines  
and dimensions of this parcel.



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## APPENDIX E

### THE REDEVELOPMENT AGENCY AND THE REDEVELOPMENT PROJECT AREAS

*Information contained in this appendix is presented as general background data. The Bonds are payable solely from Tax Increment Revenues and revenues generated by the Special Taxes and are not a general obligation of the City, the Agency, or the District. Except with respect to the Tax Increment Revenues and the Special Taxes, neither the full faith and credit nor the taxing power of the City, the Agency, the District, the County, the State, or any political subdivision of the State is pledged to the payment of the Bonds.*

#### **The Agency**

The Agency was activated as a redevelopment agency by the City Council in 1970 pursuant to Ordinance No. 2269, adopted by the City Council in accordance with Section 33000 *et seq.* of the Redevelopment Law. The members of the City Council serve as the governing body of the Agency and exercise all rights, powers, duties, and privileges of the Agency. The Mayor serves as Chair of the Agency. All powers of the Agency are vested in its members. Under the Redevelopment Law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. The Agency exercises all of the governmental functions authorized under the Redevelopment Law and has, among other powers, the authority to acquire, administer, develop, and sell or lease property, including the right to acquire property through the power of eminent domain, and the right to issue bonds and expend the proceeds. The Agency itself does not have the power to levy taxes.

#### **Allocation of Taxes**

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan for the project area, or base roll, is established as of the adoption of the redevelopment plan. Thereafter, except for any period during which the taxable valuation drops below the base year level, the taxing bodies receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (with the exception of taxes derived from increases in the tax rate imposed by Taxing Agencies (as defined below) to support new bonded indebtedness) (the "Tax Increment") are allocated to the redevelopment agency and may be pledged to the repayment of any indebtedness incurred in financing or refinancing redevelopment. Redevelopment agencies themselves have no authority to levy property taxes and must look exclusively to such allocation of taxes.

As provided in the redevelopment plan for the project area, and pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes levied upon taxable property in the project area each year by or for the benefit of the State, cities, counties, districts, or other public corporations (collectively, the "Taxing Agencies"), for fiscal years beginning after the effective date of the redevelopment plan, will be divided as follows:

- (1) *To Taxing Agencies:* The portion equal to the amount of those taxes which would have been produced by the then current tax rate, applied to the taxable valuation of such property in the redevelopment project area as last equalized prior to the establishment of the redevelopment project, or base roll, is paid into the funds of those respective Taxing Agencies as taxes by or for said Taxing Agencies; and

- (2) *To the Agency:* The portion of said levied taxes each year in excess of the amount referred to in (1) above is allocated to, and when collected, is paid to the agency; provided that the portion of the tax increment revenues which are attributable to a tax rate levied by a taxing agency to pay indebtedness approved by the voters of that taxing agency on or after January 1, 1989, shall be allocated to, and when collected shall be paid into, the fund of such taxing agency.

### **Redevelopment Project Areas**

The Agency currently administers two redevelopment project areas within the City: West Olive Redevelopment Project Area (the "West Olive Project Area") and the Merged Project Area. The Tax Increment Site is located within the Merged Project Area.

**West Olive Project Area.** The West Olive Project Area was formed pursuant to City ordinance in October 1976 for the purpose of implementing the City's Media District Specific Plan. The West Olive Project Area comprises approximately 128 acres located proximate to West Olive Avenue, south of the Ventura Freeway (California Highway 134). The property within the West Olive Project area is primarily classified for commercial uses (primarily media and medical related uses), with some industrial and limited multifamily residential uses.

**Merged Project Area.** The Merged Project Area was formed pursuant to City ordinance in October 2004 as a merger of three existing project areas (collectively, the "Constituent Project Areas") in order to allow flexibility in the use of tax increment revenue within the Constituent Project Areas. The Merged Project Area encompasses all of the property of the Constituent Project Areas, which includes approximately 1,786 acres generally located along the Golden State Freeway (Interstate 5) from the City limits in the south to the Bob Hope Airport in the north.

The Merged Project Area is comprised of the following three Constituent Project Areas: (i) the City Centre Redevelopment Project Area, as more particularly described below, which project area includes the Tax Increment Site, (ii) the Golden State Redevelopment Project Area, which encompasses approximately 1,107 acres located in the northwest corner of the City, and (iii) the South San Fernando Redevelopment Project Area, which encompasses approximately 467 acres located in the downtown area of the City. The merger of the Constituent Project Areas into the Merged Project Area did not (i) alter or affect the boundaries of any Constituent Project Area, (ii) increase or otherwise modify the time limits for the establishment of loans, advances, and indebtedness with respect to any Constituent Project Area, (iii) lengthen or otherwise modify the period during which the redevelopment plan of any Constituent Project Area is effective, (iv) reactivate lapsed powers or otherwise affect powers of condemnation of the Agency, or (v) add significant capital improvements to any of the Constituent Project Areas.

Tax increment revenues generated by each of the Constituent Project Areas that are allocated to the Agency may be allocated to the entire Merged Project Area; provided, however, that any of such tax increment revenues generated by any Constituent Project Area must first be used to pay indebtedness in compliance with terms of any bond resolution or other agreement pledging such tax increment revenues to pay such indebtedness, which resolution or other agreement was adopted or approved by the Agency prior to the merging of the Constituent Project Areas into the Merged Project Area.

### **The City Centre Redevelopment Project Area**

**Location.** The City Centre Redevelopment Project Area encompasses approximately 212 acres located in the City's central business district. The City Centre Redevelopment Project Area contains a variety of commercial, residential, and governmental structures, including City Hall and the Media City



Center Mall. The Tax Increment Site is comprised of approximately four acres located within the City Centre Redevelopment Project Area.

**Redevelopment Plan.** The Agency adopted the redevelopment plan for the City Centre Redevelopment Project Area (the “City Centre Redevelopment Plan”) on October 26, 1971, pursuant to Ordinance No. 2315, as amended by Ordinance No. 2452 adopted by the City Council on August 6, 1974, as further amended by Ordinance No. 3052 adopted by the City Council on December 30, 1986, as further amended by Ordinance No. 3387 adopted by the City Council on October 11, 1994, as further amended and restated by Ordinance No. 3510 adopted by the City Council on February 2, 1999, as further amended by Ordinance No. 3631 adopted by the City Council on January 14, 2004, and as further amended by Ordinance No. 3679, adopted by the City Council on August 30, 2005.

Sections 33333.2 and 33333.4 of the Redevelopment Law require each redevelopment agency to include in each redevelopment plan, or to adopt by ordinance, a limitation on the amount of taxes that may be divided and allocated to the redevelopment agency with respect to the related redevelopment project area. Under Section 33333.2, taxes may not be allocated to a redevelopment agency beyond this limitation except by amendment of the redevelopment plan. The City Centre Redevelopment Plan time limitations, which apply to the land within the Tax Increment Site, are set forth in the table below.

#### **City Centre Redevelopment Plan Limits**

<b>Description</b>	<b>Limit</b>
Term of effectiveness of Redevelopment Plan <sup>(1)</sup>	October 26, 2014 (2)
Time limit on incurring debt	January 1, 2004
Time limit on repaying debt	October 26, 2024 <sup>(1)</sup>
Limit on receiving tax increment <sup>(2)</sup>	October 26, 2024
Time limit on the Agency's use of eminent domain	February 1, 2011 (No eminent domain on property in which persons reside. <sup>(3)</sup> )
Dollar limit on amount of tax increment that can be allocated to the redevelopment project	\$3,106,962,907 <sup>(4)</sup>
Bonded debt limit	None

(1) Except to pay previously incurred indebtedness incurred prior to the effective date of Assembly Bill 1290 (i.e., January 1, 1994.)

(2) Pursuant to Senate Bill 1045 (Statutes of 2003) and Senate Bill 1096 (Statutes of 2004) all redevelopment agencies were permitted to extend the time limit of the effectiveness of the redevelopment plans as well as the time period to collect tax increment in consideration of the required 2003-04, 2004-05 and 2005-06 Education Reimbursement Fund contributions. On January 14, 2004, the Agency amended the City Centre Redevelopment Plan pursuant to Ordinance No. 3631 to accomplish the SB 1045 extension (2003-04) and Ordinance No 3679 to accomplish the SB 1096 extension (2004-05). It is anticipated that the Agency will adopt a summary ordinance to extend an additional SB 1096 extension (2005-06) prior to May 10, 2006.

(3) Source: Section 702 of the City Centre Amended and Restated Redevelopment Plan, adopted February 2, 1999.

(4) Represents the maximum amount of tax increment revenues, net of housing set-aside requirement and pass-through obligations, receivable by the Agency. As of the Fiscal Year ending June 30, 2005, the Agency has received \$86,074,888 in tax increment from the City Centre Redevelopment Project Area.

Source: The Agency.

**Additional Information.** For additional information regarding the City Centre Redevelopment Project Area and the Tax Increment Site, including historic assessed values, tax rates, major taxpayers, and tax increment projections, see “APPENDIX F – Fiscal Consultant’s Report.”

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**APPENDIX F**  
**FISCAL CONSULTANT'S REPORT**

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**KEYSER MARSTON ASSOCIATES, INC.**

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**FISCAL CONSULTANT REPORT  
CITY CENTRE REDEVELOPMENT PROJECT**

**PREPARED FOR  
REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**

**PREPARED BY  
KEYSER MARSTON ASSOCIATES, INC.**

**January 6, 2006**

**FISCAL CONSULTANT REPORT  
CITY CENTRE REDEVELOPMENT PROJECT**

**Prepared For**

**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**

141 North Glenoaks Boulevard  
Burbank, California 91510

**Prepared By**

**KEYSER MARSTON ASSOCIATES, INC.**

500 South Grand Avenue, Suite 1480  
Los Angeles, California 90071

**January 6, 2006**

# **Burbank City Centre Redevelopment Project Fiscal Consultant Report**

**January 6, 2006**

## **1. INTRODUCTION**

Keyser Marston Associates, Inc. (KMA) has been retained as Fiscal Consultant to the Burbank Redevelopment Agency to prepare a projection of tax increment revenues for the City Centre Redevelopment Project Area (hereinafter referred to as the Project Area). The City is issuing CFD bonds for a public parking facility, the debt service of which is expected to be paid in full or in part by tax increment revenue generated by the Project Area. This Fiscal Consultant Report will examine the Project Area values and will project the multi-year net tax increment revenues that the Agency is expected to receive from the Project Area. The projected taxable values and resulting tax increment revenues for the Project Area are based on assumptions determined by a review of the taxable value history of the Project Area; Agency identified new developments that have been recently completed, are presently under construction or are proposed for the Project Area; and the property tax assessment and property tax apportionment procedures of Los Angeles County.

This Report has been revised from our previously submitted Report dated November 28, 2005 and only reflects an increase in assessed value projected to be added by the Collection Project (AMC Phase II). This change results in an increase in annual tax increment revenues.

## **2. REVIEW OF THE PROJECT AREA**

### **2.1 Project Area and Redevelopment Plan**

On October 26, 1971 the Agency adopted the Project Area. The California Redevelopment Law (CRL) provides that the effectiveness of the Redevelopment Plan shall be 40 years from the date of adoption and that the time limit for the Agency's receipt of tax increment to repay debt shall be 50 years from the date of adoption. Recent legislation allows the Agency to elect to extend these time limits by one year pursuant to SB 1045 (Chapter 260 adopted September 2003) and by up to two years pursuant to SB 1096 (Chapter 211 adopted August 2004) <sup>1</sup>. These elected extensions have been incorporated into the attached tax increment revenue projection.

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<sup>1</sup> The Agency adopted Ordinance 3679 on August 30, 2005 permitting the first of the two years extension allowed under SB 1096.

## **2.2 Review of Senior Agency Obligations**

- ***County Administrative Fees***

Chapter 466, Statutes of 1990, (referred to as SB 2557) permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. The tax increment projection assumes that the County will continue to charge the Agency for property tax administration and that future charges will continue to be applied in subsequent years at 2% of the gross tax increment revenue.

- ***Low and Moderate Income Housing Set Aside Requirement***

The CRL requires redevelopment agencies to annually set aside 20% of all tax increment revenues into a Low and Moderate Income Housing Set Aside Fund (hereinafter the "Housing Set Aside"). The set aside requirement could be reduced or eliminated if the redevelopment agency finds that (1) no need exists in the community to improve or increase the supply of low and moderate income housing, (2) that some stated percentage less than 20% of the tax increment is sufficient to meet the housing need or (3) that other substantial efforts, including the obligation of funds from certain local, state or federal sources for low and moderate income housing, of equivalent impact are being provided for in the community. The annual Housing Set Aside has been deducted from the attached tax increment revenue projections for purposes of this analysis.

- **Educational Revenue Augmentation Fund (ERAF)**

Chapter 260, Statutes of 2003, (SB 1045) required redevelopment agencies to shift \$135 million in property tax revenues to K-12 schools and community colleges during the 2003-04 fiscal year. The shift of tax increment revenues was placed into the Educational Revenue Augmentation Fund (ERAF). SB 1096 required redevelopment agencies to annually shift \$250 million in property tax revenues to K-12 schools and community colleges during the 2004-05 and 2005-06 fiscal years. The shift of property tax revenues will be placed into the ERAF. The Agency will be required to allocate the 2005-06 ERAF payment to the County Auditor-Controller on May 10, 2006. According to Agency staff, the Project Area's ERAF obligation will be fully funded from the West Olive Redevelopment Project and therefore no ERAF payment is assumed in the attached projection.



- **2003 Refunding Tax Allocation Bonds, Series C**

The 2003 Refunding Tax Allocation Bonds, Series C represent purchase in-lieu of redemption of the currently outstanding 1993 Tax Allocation Bonds, Series A. For purposes of this projection, the 2003 Refunding TAB debt service is reflected and the net annual savings to the Agency assumed therein.

- **Media Center Promissory Notes**

Property tax revenues generated by the Media Center project are used to repay a \$33 million promissory note and an \$18.5 million promissory note to 2016. For purposes of this projection, the annual obligations provided by Agency finance staff provide the basis for projecting the annual obligation in subsequent years. A growth factor of 2% per year has been applied for purposes of this projection through 2016. The final payment on August 1, 2016 will be a partial fiscal year's payment. Based upon City finance staff calculations, the final payment shown on Table 8 represents 22.75% of the annual amount. Staff's methodology in estimating the final payment will be subject to the City Attorney review and confirmation. No site-specific sales tax payments from the City General Fund are assumed in this analysis.

- **YES Fund Contribution**

The Agency's contribution of Project Area tax increment to the YES Fund is based upon budgeted estimates provided by Agency finance staff. Commencing in the sixth year of the analysis, subsequent year contributions are assumed to be made based upon a 3% growth factor.

### **3. REVIEW OF PROJECT ASSESSED VALUES**

#### **3.1 Real and Personal Property**

Real Property is defined to represent locally assessed land and improvement assessed values. Annual increases in the assessed value of Real Property are limited to an annual inflationary increase of up to 2%, as governed by Article XIII A of the State Constitution. Real Property values are also permitted to increase or decrease as a result of a property's change of ownership or new construction activity. As discussed below, the assessed value of taxable property is subject to reduction under certain conditions.

For the 1995-96 and 1996-97 fiscal years the County Assessor applied a state mandated factor of 1.19% and a 1.11% inflationary factor to Real Property values in the

respective fiscal years to reflect the change in the 1994 and 1995 State Consumer Price Indices. For the 1997-98 and 1998-99 fiscal years, the County Assessor applied the maximum 2% inflationary factor. For the 1999-2000 fiscal year, the County Assessor applied a 1.85% inflationary factor and commencing with FY 2000-01 the maximum 2% inflationary factor was used each year until FY 2004-05, when the inflationary factor was again adjusted to 1.867%. Commencing in FY 2005-06, the 2% inflation factor was used and for purposes of this analysis, a 2% Real Property inflationary factor will be applied in subsequent fiscal years commencing FY 2006-07.

The assessed value of Personal Property is not subject to the maximum 2% inflationary increase and is subject to annual appraisal, either upward or downward. State assessed Non-Unitary properties assessed by the State Board of Equalization (SBE) also may be revalued annually and such assessments are not subject to the annual 2% inflation limitation of Article XIII A.

The Project Area assessed values are prepared by the County Assessor and, until the 1996-97 fiscal year, have reflected a lien date of March 1. Commencing with the 1997-98 fiscal year, the property tax lien date was changed to January 1, pursuant to Revenue and Taxation Code Section 2192. Each property assessment is assigned a unique Assessor Parcel Number (APN) which correlates to assessment maps prepared by the County. The corresponding assessed values for each parcel are then encoded to Tax Rate Areas (TRAs) which are geographic subareas with common distribution of taxes and which are contained within the Project Area boundaries. The Project Area is represented by one TRA.

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the Assessor for properties within the boundaries of the Project Area. This results in the reported total current year assessed value and becomes the basis for determining tax increment revenues due to the Agency. The reported values of the Project Area for FY 2005-06 are as follows:

	<u>FY 2005-06 Value</u>	<u>% of Total</u>
Secured Property	\$667,932,090	90%
Unsecured Property	74,969,003	10%
Total Assessed Value	<u>\$742,901,093</u>	<u>100%</u>
Base Year Value	(38,379,820)	
Incremental Value	<u>\$704,521,273</u>	

Secured Property includes property on which any property tax levied by the County becomes a lien on that property. Unsecured Property typically includes the value of tenant improvements, trade fixtures and personal property. Unsecured Property values reflect depreciation factors on the useful life of the tenant improvements, trade fixtures and personal

property of the assessee. The taxes levied on Unsecured Property are levied at the previous year's Secured Property tax rate.

### **3.2 Historic Assessed Values (Table 1)**

Aggregated historic Project Area values were summarized by KMA on Table 1 covering fiscal years 2000-01 to 2005-06. The historic taxable values reported by the County Auditor-Controller for the Project Area reflect an overall average annual increase of 5% for the period. The Secured values, which represent 90% of the Project Area's reported value for the 2005-06 fiscal year, increased an average of 5.32% per year over the period. The Unsecured values, which represent 10% of the current year value, increased an average of 2.7% per year over the period.

### **3.3 Land Use Composition (Table 2)**

KMA analyzed the composition of land uses within the Project Area in FY 2005-06 using the County Assessor's tax roll classification system. The Project Area is generally spread between commercial and residential uses. Commercial properties from the Secured tax roll constitute the largest land use category of the Project Area, representing nearly 68% of the total assessed value. Residential properties from the Secured tax roll represent the second largest land use category, accounting for 13% of the Project Area's total assessed value. Industrial land uses from the Secured tax roll are third and represent nearly 8% of the Project Area's assessed value. Unsecured values comprise 10% of the total assessed value. The balance of the assessed value is represented by vacant land, possessory interest, recreational uses, institutional uses and other miscellaneous uses. A full summary of the 2005-06 values by land use is reflected on Table 2.

### **3.4 Ten Largest Taxpayers (Table 3)**

The ten largest property owners in the Project Area were identified by KMA based upon a review of the FY 2005-06 locally assessed secured and unsecured taxable valuations reported by the County Assessor. The aggregated total assessed value of the identified ten largest tax payers is shown on Table 3 and includes the assessee name, property use, parcel count, aggregate assessed value, and the percentage share of the total Project Area value contrasted with the percentage share of the incremental Project Area value. The ten identified taxpayers comprise approximately \$503 million or 67.68% of the total Project Area value for 2005-06. The composition increases to 71.37% when analyzed against the incremental assessed value of the Project Area. The top ten represent primarily commercial and residential uses.

### 3.5 Assessment Appeals (Table 4)

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project Area taxable values and the refund of taxes affects all taxing entities, including the Agency.

Commencing in early 1990's, County Assessors throughout California began to see significant numbers of property owners filing petitions to lower their property assessments. Spurred by the residual effects of the last recession and by an entrepreneurial consultant industry specializing in the petitioning of assessments on behalf of property owners, assessment appeal filings rose dramatically from prior years. As a result of the improved economic health experienced throughout the State, the number of recent appeal applications has generally returned to the levels experienced before 1994.

#### Estimated Value Reductions

KMA researched the status of assessment appeals filed by property owners in the Project Area based upon the latest information available from the County Appeals Board database. Table 4 represents the results of this survey and contains a listing of properties having an outstanding appeal filed with the Assessor. The listing identifies the application number, secured parcel number, unsecured bill number, applicant name, contested value, applicant opinion of value, assumed resolved value, the projected value reduction and the resolution assumption incorporated by KMA.

Unless a particular pattern from parcel-specific prior year filings is seen, it is difficult to project with any degree of certainty which appeal filings would ultimately be withdrawn, denied, invalidated or revoked due to non-appearance. Therefore, the projected tax refunds and valuation reductions shown on Table 4 assume that all outstanding appeals will be reduced based upon one of several methods listed below:

1. If the parcel assessment was reduced by prior stipulation or Appeals Board action, the contested value was reduced to the reported resolved value.
2. If the applicant, in prior fiscal year appeal filings, withdrew an appeal or failed to appear for a scheduled hearing or was denied the appeal request by the Appeals Board, it was assumed that the same would occur with respect to the open appeals being filed by the applicant. For all other appeal records, the following assumptions listed below were incorporated in the analysis.

3. For contested Secured commercial property a reduction to the greater of either the applicant's opinion of value or 82% of the contested value was used (this 18% reduction was determined from the average percentage reduction experienced by a sampling of 125 stipulated commercial property appeals of Agency Project Areas over the past five years).
4. For contested Secured business personal property and fixture value a reduction to the greater of either the applicant's opinion of value or 84% of the contested value was used (this 16% reduction was determined from the average percentage reduction experienced by a sampling of 61 stipulated business personal property and fixture appeals found in Agency Project Areas over the past five years).

Estimated Fiscal Impact

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year tax increment allocations. As shown on Table 4, the projected tax refunds and projected future year reductions to value are as follows:

	<u>Tax Refund</u> <u>(rounded)</u>	<u>Value Reduction</u> <u>(rounded)</u>
Tax Refunds FY 2005-06	\$37,000	--
Secured Value Reductions FY 2006-07	--	\$3,577,000
Unsecured Value Reductions FY 2006-07	--	\$56,000

In cases where an applicant has filed an appeal on the same parcel for multiple years, only the most recent value impact is reflected in these valuation reductions. The actual reductions to tax increment and Project Area taxable values may likely be higher or lower than what has been incorporated in the attached projection. Resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the projection. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other than the stated opinion of value.

### Actual Appeal Filing Outcomes

The database extraction of assessment appeal records for the Agency's Project Areas totaled 510 closed records for the period ranging from 1999-00 to 2004-05. Based upon the distribution of Project Area appeals shown on the table below, historic statistical patterns between FY 1999-00 and FY 2004-05 indicate that an average of 16% of all filed appeals in the Project Areas were reduced or stipulated, while approximately 84% of all filed appeals subsequently were withdrawn, denied, deemed invalid or the applicant failed to appear.

<u>Fiscal Year</u>	<u>Total Closed Filings</u>	<u>Stipulated or Reduced</u>	<u>Denied, Invalid, Withdrawn or Non-appearance</u>
2004-05	13	2 15%	11 85%
2003-04	104	26 25%	78 75%
2002-03	87	17 20%	70 80%
2001-02	108	16 15%	92 85%
2000-01	96	13 14%	83 86%
1999-00	102	7 7%	95 93%

### Actual Overall Net Value Impact

A secondary analysis was conducted to determine the average percentage reduction experienced from all prior year secured and unsecured resolved appeal filings (excluding appeals with an "open" status designation) within the Agency's Project Areas. The average percentage reductions considered all secured and unsecured resolved appeals, including those withdrawn, denied, deemed invalid or not heard because of the non-appearance by the applicant. The corresponding contested and resolved values <sup>2</sup> were then aggregated and the average percentage reductions were determined. The resulting historic percentage reductions experienced for the period analyzed are as follows:

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<sup>2</sup> The resolved value of appeals withdrawn, denied, deemed invalid or not heard because of a non-appearance, is the same as the value contested since no reduction was approved by the Assessment Appeals Board.

<u>Fiscal Year</u>	<u>Total Number of Closed Records</u>	<u>Total Number of All Records</u>	<u>Aggregate Contested Value</u>	<u>Aggregate Resolved Value</u>	<u>% Reduction</u>
<u>Secured:</u>					
2003-04	12	51	\$540,146,080	\$525,349,107	2.7%
2002-03	7	61	479,495,890	468,460,951	2.3%
2001-02	11	82	520,954,244	512,281,476	1.7%
2000-01	10	64	405,468,592	399,772,598	1.4%
1999-00	6	73	580,827,112	571,004,847	1.7%
<u>Unsecured:</u>					
2003-04	14	53	\$352,086,419	\$348,268,068	1.1%
2002-03	10	26	141,171,950	125,532,773	11.1%
2001-02	5	26	108,708,199	107,924,809	0.7%
2000-01	3	32	204,544,154	204,028,955	0.3%
1999-00	1	29	249,493,634	237,357,571	4.9%

For the period reviewed, properties that were the subject of assessment appeal filings in the Agency's Project Areas only resulted in an overall average net secured value reduction of 2% and an overall average net unsecured value reduction of 3.6%.

#### 4. TAX ALLOCATION AND DISBURSEMENT

##### 4.1 Tax Rates

The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of \$1.00 per \$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed one percent (\$1.00 of \$100 taxable value) in accordance with Article XIII A. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988. For purposes of the tax increment projection shown on Table 7, a tax rate of 1.007% has been used based upon a derived formula utilizing the County's FY 2004-05 allocation of tax increment revenue.

##### 4.2 Allocation of Taxes

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the lien date for property within the boundaries of the Project Area. This results in the reported total current year Project Area taxable value and becomes the basis for determining tax increment revenues due to the Agency. Although adjustments to taxable values for property within the Project Area may occur throughout the

fiscal year for Assessor value changes and corrections, such adjustments are not assumed in the tax increment projection prepared by KMA.

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Tax increment revenue is disbursed to the Agency based upon actual collections within the Project Area Tax Rate Area. The secured tax revenues are disbursed beginning in December with a 35% advance payment followed by a 5% advance in January. A reconciliation payment reflecting actual first installment collections is made in February. In April, up to 75% of the total annual levy is disbursed to the Agency, followed by a reconciliation payment in May reflecting actual second installment collections. Final payments are generally allocated in August. Over-allocations, if any, are deducted from the next year's allocation. The unsecured tax increment revenues are advanced in November and March of each year with final reconciliation payments made in August.

#### **4.3 Tax Receipts to Tax Levy (Table 5)**

Tax increment revenues are allocated to the Agency based upon actual tax collections received in the Project Area. To estimate the percentage of unpaid taxes in a given Project Area, a comparison of computed tax levy to actual tax receipts was conducted by KMA. This comparison, summarized on Table 5, was reviewed for the 2000-01 through 2004-05 fiscal years.

A comparison of the historic receipt rate revealed an average collections rate of over 98.3% (an average 1.7% delinquency rate over the period) from the calculated tax levy for the period reviewed. The collection rates ranged from a high of 99.05% in 2004-05 to a low of 96.38% in 2000-01. If the reported redemption payments (from prior year delinquencies) are included in the tax receipts, the average collections rate increases to over 99.8% for the period. The collections rates noted herein include collections from both secured and unsecured taxes. For purposes of this comparison, the calculated tax levy and the annual receipt amounts do not include administrative charges, supplemental taxes, tax refunds due to appeals, mid year roll adjustments or pass through payments.

### **5. TAX INCREMENT REVENUE PROJECTION**

#### **5.1 New Development Value Added (Table 6)**

New developments occurring in the Project Area have been identified by Agency staff for inclusion in the tax increment revenue projection. The development projects included in the tax increment projection and their corresponding estimates of taxable value are presented on Table 6 for the Project Area. The amount of new development values anticipated to be



added to the future property tax rolls are assumed to be as of the January 1st lien date of each year. The projects identified by the Agency are as follows:

- AMC Phase I Sale to EPT – According to Agency staff, the AMC Phase I property was recently sold in March 2005 to Entertainment Properties Trust (EPT) for \$51 million. AMC will continue to lease the multiplex theaters from EPT. Based upon a reported assessed value of \$40.8 million on the FY 2005-06 tax roll, the anticipated increase in value reflecting this property sale is projected to appear on the FY 2006-07 property tax roll.
- The Collection (AMC Phase II) – Formerly referred to as the Phase II of the AMC project, The Collection will represent a mixed use development containing 40,000 square feet of retail and 118 condominiums units. The project is expected to add \$71,171,000 in Real Property taxable value to the Project Area. If the project is completed before January 1, 2008, the value would be added to the FY 2008-09 property tax roll.
- Civic Plaza (Old Police Block) – This project consists of 71,000 square feet of office space and 12,000 square feet of retail, restaurant and commercial service space. This project was complete in July 2005 and the Real Property value added by the site is expected to be added to the FY 2006-07 property tax roll.
- Village Walk – The project is under construction and contains 140 for sale residential units with 14,000 sq. ft. of ground floor restaurant/retail space. This project is expected to be complete before 2006 and the Real Property value added by the site is projected to be added to the FY 2006-07 property tax roll and be fully added to the FY 2007-08 property tax roll.

## **5.2 Project Area Wide Tax Increment (Table 7)**

Property tax revenues in excess of the amount resulting from the valuation shown on the assessment roll for the base year value of the Project Area are referred to as tax increment. The base year for the Project Area represents the fiscal year in which taxable property was last equalized prior to the effective date of the ordinance approving the Redevelopment Plan.

The projection of tax increment revenues shown on Table 7 is based upon the actual 2005-06 fiscal year and base year assessed values reported by the County Auditor-Controller. The projection is separated into Real Property and Personal Property values for purposes of increasing Real Property values allowed under Proposition 13. The application of the Proposition 13 inflationary increase to Real Property values, plus any anticipated values

added from new developments identified by Agency staff, results in the estimate of future Project Area values. The projections have been extended to the tax increment receipt time limits presently imposed under AB 1290, SB 1045 and SB 1096.

The projected growth in Real Property taxable values has been limited to anticipated value added from the identified new developments discussed above, and the maximum annual inflationary factor allowed under Proposition 13. This projection assumes that future inflationary growth commencing in 2006-07 will be at least 2% per year in subsequent fiscal years. Projected Real Property values in 2006-07 have also been adjusted to reflect estimated valuation changes resulting from forecasted assessment appeal reductions.

The Available Tax Increment Revenue amounts shown on Table 7 represent the sum of gross tax increment (based upon the 1.007% tax rate) plus unitary revenue (discussed below) less the County's collection fee authorized under SB 2557 and the FY 2005-06 projected tax refund due to outstanding Project Area appeals.

The final year in which the Agency can receive tax increment to repay the indebtedness of the Project Area would be October 26, 2024 (allowing for the assumed time extensions permitted under SB 1045 and SB 1096). However, based upon the allocation schedule currently implemented by the County Auditor-Controller to redevelopment agencies, the allocation of FY 2024-25 tax increment is not expected to occur since this time limit takes effect prior to the first scheduled apportionment of tax increment in that fiscal year. Therefore, for purposes of this projection it is assumed that no tax increment revenue will be received in the final fiscal year of the projection shown on Table 7.

### **5.3 Unitary Tax Revenue**

Commencing in 1988-89, the reporting of public utility values assessed by the SBE was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-wide and was allocated according to the location of individual components of a utility in a TRA. Hence, public utility values located within a Project Area were fully reflected in the Project Area's annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a County-wide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

Unitary tax revenues are distributed by the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount of

revenue as in the previous year, allocation of the taxes would be reduced pro-rata County-wide; and (3) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are distributed to the local secured taxable values of the County.

According to the County Auditor-Controller, the Agency should receive nearly \$136,000 in unitary tax revenues for the Project Area in FY 2004-05. For purposes of this projection, it is assumed that the unitary tax revenues will stabilize at this amount in FY 2005-06 and thereafter.

#### **5.4 Supplemental Assessments**

Supplemental assessments are authorized under Chapter 498 of the Statutes of 1983 which provides that property may be reassessed upon the occurrence of a change of ownership or completion of new construction. The supplemental assessment reflects the difference between the new value and old value. Prior to the enactment of Chapter 498, property reassessments occurred only on the lien date next following the change in ownership or new construction. The supplemental tax (if there is a resulting increase in value) or the supplemental refund (if there is a resulting decrease in value) is determined by applying the current year tax rate to the amount of supplemental assessment and prorating the resulting tax based upon the number of months remaining in the current fiscal year and, in certain instances, in the forthcoming fiscal year.<sup>3</sup>

The tax revenues or refunds derived from supplemental assessments are allocated to redevelopment agencies on a monthly basis and incorporated in the tax payments prepared by the County Auditor-Controller. Future new developments or property transfers occurring in the Project Area could likely result in supplemental tax revenues being allocated to the Agency. However, due to their nature as one-time occurring revenues, supplemental taxes can be a relatively minimal revenue source to the Agency to the extent no new developments or transfers of ownership are occurring in the Project Area. In addition, pursuant to conversations with County Tax Collector staff, the receipt of supplemental taxes by the Agency can be delayed by as much as six to nine months after a property transfer or construction.

Supplemental taxes are prorated by the number of months that remain in the fiscal year. However, the City's projection of future new developments occurring in the Project Area did not contain specific completion months, making an annual supplemental tax estimate difficult to project. Therefore, for purposes of the projection, KMA has not included any revenues in the tax increment projection resulting from future supplemental assessments.

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<sup>3</sup> Two supplemental assessments would occur in instances where a change in ownership or a new construction occurs between the January 1 lien date and May 31<sup>st</sup>.

## **5.5 Project Area Wide Cash Flow (Table 8)**

A cash flow summary projected on Table 8 was created to identify the amount of net tax increment revenues that may be annually available after the Agency satisfies its existing senior lien debt obligations identified in Section 2.2 of this Report. The Table 8 cash flow is shown on an annual cash basis and does not reflect any carry over cash balances that may become available.

## **5.6 AMC Phases I & II Site Specific Tax Increment (Table 9)**

A projection of site-specific tax increment revenue generated from the completed AMC Phase I and proposed Phase II developments is summarized on Table 9. The projection incorporates the current FY 2005-06 value of the completed Phase I project and the value to be added to the tax roll from the recent sale of the Phase I development to EPT. The value added from the completion of Phase II is assumed in FY 2008-09. The site specific projection incorporates the same property tax rate, housing set aside and County administrative fee assumptions reflected in the Project Area wide projection.

## **5.7 Caveat**

The projection reflects KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that Unitary tax revenues will continue to be allocated in the manner discussed herein and that legislatively-mandated payments to the State will not be required in future fiscal years. These assumptions reflect existing State policies and are subject to future legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment revenues shown on Tables 7 and 9. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due.

**Table 1**  
**Historic Project Area Assessed Values**  
**City Centre Project**  
**Burbank Redevelopment Agency**

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Avg % Chg
I. Secured:							
Land	119,040,391	125,018,944	127,373,891	142,050,224	154,289,346	167,039,033	8.06%
Improvements	426,802,768	432,807,705	448,566,779	478,554,831	474,570,412	542,813,128	5.44%
Personal Property	1,915,564	691,303	1,934,355	1,899,492	1,634,293	1,755,273	-1.67%
Exemptions	(20,133,550)	(21,401,045)	(36,242,473)	(8,410,271)	(42,802,320)	(43,675,344)	23.39%
Total Secured	527,625,173	537,116,907	541,632,552	614,094,276	587,691,731	667,932,090	5.32%
II. Unsecured:							
Land	0	0	0	0	0	0	0.00%
Improvements	21,217,544	17,417,644	22,297,215	22,664,893	23,825,237	33,065,428	11.17%
Personal Property	44,872,684	49,393,062	41,860,656	39,410,671	42,687,285	45,239,297	0.16%
Exemptions	(40,500)	(62,500)	(38,500)	(76,500)	(41,500)	(3,335,722)	1627%
Total Unsecured	66,049,728	66,748,206	64,119,371	61,999,064	66,471,022	74,969,003	2.70%
III. Project Value:							
Land	119,040,391	125,018,944	127,373,891	142,050,224	154,289,346	167,039,033	8.06%
Improvements	448,020,312	450,225,349	470,863,994	501,219,724	498,395,649	575,878,556	5.71%
Personal Property	46,788,248	50,084,365	43,795,011	41,310,163	44,321,578	46,994,570	0.09%
Exemptions	(20,174,050)	(21,463,545)	(36,280,973)	(8,486,771)	(42,843,820)	(47,011,066)	26.61%
Total Project	593,674,901	603,865,113	605,751,923	676,093,340	654,162,753	742,901,093	5.03%

**Table 2**  
**Values by Designated Use - FY 2005-06**  
**City Centre Project Area**  
**Burbank Redevelopment Agency**

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<b>Land Use</b>	<b>Parcel Count</b>	<b>FY 2005-06 Total AV</b>	<b>% of Total</b>
1 Commercial	132	503,704,924	67.8%
2 Residential	32	95,220,390	12.8%
3 Industrial	18	56,091,666	7.6%
4 Vacant	9	9,858,437	1.3%
5 Other Uses	8	2,037,062	0.3%
6 Miscellaneous	1	330,080	0.0%
7 Possessory Interest	2	689,531	0.1%
8 Subtotal Secured	202	667,932,090	89.9%
9 Unsecured	470	74,969,003	10.1%
<b>Total Value 2005-06</b>	<b>672</b>	<b>742,901,093</b>	<b>100.0%</b>

**Table 3**  
**Ten Largest Taxpayers - FY 2005-06**  
**City Centre Project Area**  
**Burbank Redevelopment Agency**

Assessee Name	Property Use	No. of Parcels	2005-06 Value	% of Total Project Value (1)	% of Incremental Value (2)	Estimated Appeal Value Reduction (3)
1 CT Operating Partnership	Commercial - Shopping Center	16	214,553,573	28.88%	30.45%	(3,337,950)
2 Avalon Promenade Inc.	Residential - Multi-Family	1	71,082,194	9.57%	10.09%	
3 Arden Realty Finance Partnership	Commercial - Office	5	44,536,529	5.99%	6.32%	
4 American Multi Cinema Inc (4)	AMC Phase I	1	40,843,416	5.50%	5.80%	
5 Perry Joseph A	Commercial - Hotel	4	40,176,694	5.41%	5.70%	
6 Haagen Burbank Partnership	Commercial - Shopping Center	1	24,638,614	3.32%	3.50%	
7 Del Rey Properties LLC	Commercial - Office	4	22,203,222	2.99%	3.15%	
8 Olsen 737 (5)	Commercial - Store/Res	1	17,880,000	2.41%	2.54%	
9 230 N Golden Mall Assoc	Commercial - Store	1	13,683,873	1.84%	1.94%	
10 Media Village Development Corp	Commercial & Residential	4	13,219,099	1.78%	1.88%	
TOTALS			502,817,214	67.68%	71.37%	

(1) Based upon a reported FY 2005-06 Project Area value of \$742,901,093.

(1) Based upon an incremental value of \$704,521,273 for FY 2005-06.

(3) Refer to Table 4. Reflects contested value impact on FY 2004-05 appeal.

(4) This parcel has already been reassessed twice in the 2005-06 tax roll year. Current assessee name is Burbank Village LP.

In March 2005, the property was sold for \$51 million to Entertainment Properties Trust and should be reflected in FY 2006-07.

(5) It is expected that a new parcel number will be assigned.

**Table 4**  
**Projection of Assessment Appeal Impacts**  
**City Centre Project Area**  
**Burbank Redevelopment Agency**

Appeal Number	APN or Bill No	FY	Applicant Name	Land Use	Total Contested Value	Applicant Opinion of Value	Estimated Resolved Value	Estimated Variance	KMA Assumption
<b>Secured Appeals:</b>									
2004-005012	2453-005-059	04	AMC REALTY INC.	COML	4,738,791	1,684,289	4,738,791	-	Assume withdrawn per previous appeal attempt (1)
2004-002754	2453-011-029	04	C & P PROPERTIES NO. 1	COML	11,505,919	8,000,000	11,505,919	-	Assumed withdrawn per previous appeal attempts (1)
2004-007104	2453-012-021	04	BANK OF AMERICA	COML	2,072,963	1,500,000	2,072,963	-	Assume withdrawn per previous appeal attempts (1)
2004-007105	2453-012-022	04	BANK OF AMERICA	COML	1,197,465	906,000	1,197,465	-	Assume withdrawn per previous appeal attempts (1)
2004-005837	2453-016-023	04	AVALON PROMENADE INC.	APTS	73,044,750	65,000,000	69,706,800	(3,337,950)	Decreased to last year's reduced AV +2% Growth (1)
2004-005686	2453-017-024	04	JOSEPH A. PERRY	COML	33,300,000	30,000,000	33,300,000	-	Assumed withdrawn per previous appeal attempts (1)
2004-002752	2453-021-059	04	TWIN OAK PROPERTIES	APTS	4,123,798	3,000,000	4,123,798	-	Assumed withdrawn per previous appeal attempts (1)
2004-005354	2460-023-044	04	IKEA CALIFORNIA, LLC (LESSEE)	COML	24,155,505	18,000,000	24,155,505	-	Assumed withdrawn per previous appeal attempts (1)
2004-006536	2460-023-056	04	CIRCUIT CITY STORES, INC. # 43	COML	6,469,892	5,000,000	6,469,892	-	Assumed withdrawn per previous appeal attempts (1)
2004-007250	2460-023-060	04	OFFICE DEPOT	COML	4,418,460	1,767,383	4,418,460	-	Assumed withdrawn per previous appeal attempts (1)
2004-005031	2460-035-005	04	RUBINFELD FAMILY LP	COML	600,838	360,000	491,312	(109,526)	Reduce to Opinion or 18.2% of AV per COML comps (1)
2004-005031	2460-035-007	04	RUBINFELD FAMILY LP	COML	712,022	425,000	582,229	(129,793)	Reduce to Opinion or 18.2% of AV per COML comps (1)
<b>Unsecured Appeals:</b>									
2003-004192	40786185	03	CLEAR CHANNEL OUTDOOR INC.	BPF	140,869	82,153	118,622	(22,247)	Reduce to Opinion or 15.8% of AV per BPF comps
2002-001859	40804016	02	CLEAR CHANNEL OUTDOOR INC.	BPF	133,933	13,393	112,781	(21,152)	Reduce to Opinion or 15.8% of AV per BPF comps
2004-001926	40783838	04	CLEAR CHANNEL OUTDOOR, INC.	BPF	143,741	50,000	121,040	(22,701)	Reduce to Opinion or 15.8% of AV per BPF comps (2)
2001-005676	40784410	01	EUER MEDIA, INC.	BPF	117,353	-	98,820	(18,533)	Reduce to Opinion or 15.8% of AV per BPF comps
2004-005357	40764877	04	IKEA CALIFORNIA, LLC	BPF	4,662,886	3,100,000	4,662,886	-	Assumed withdrawn per previous appeal attempts (2)
2004-003471	40793214	04	WALDENBOOK COMPANY, INC.	BPF	68,207	48,384	57,435	(10,772)	Reduce to Opinion or 15.8% of AV per BPF comps (2)
2004-005973	40787388	04	XEROX LEASE EQUIPMENT, LLC	BPF	142,686	87,507	120,152	(22,534)	Reduce to Opinion or 15.8% of AV per BPF comps (2)

Total Value Reduction for Projected Tax Refund	(3,095,208)
Projected Tax Refund Levy FY 2005-06	(36,952)
(1) Secured Value Reduction (unique filings) FY 2006-07	(3,577,000)
(2) Unsecured Value Reduction (unique filings) FY 2006-07	(56,000)



**Table 5**  
**Receipts to Levy Analysis**  
**City Centre Project**  
**Burbank Redevelopment Agency**

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
I. Reported Assessed Value (1):						
Secured	527,625,173	537,116,907	541,632,552	614,094,276	587,691,731	
Unsecured	66,049,728	66,748,206	64,119,371	61,999,064	66,471,022	
II. Total Project Value	593,674,901	603,865,113	605,751,923	676,093,340	654,162,753	
Less Base Value (1)	38,379,820	38,379,820	38,379,820	38,379,820	38,379,820	
Incremental Value	555,295,081	565,485,293	567,372,103	637,713,520	615,782,933	
Averaged Tax Rate	1.0388694%	1.0259412%	1.0086734%	1.0075593%	1.0069862%	
III. Gross Tax Increment	5,768,791	5,801,547	5,722,932	6,425,342	6,200,849	
Unitary Tax Revenue	157,503	156,135	155,281	146,105	135,520	
Total Computed Levy	5,926,294	5,957,681	5,878,213	6,571,447	6,336,370	
IV. Tax Allocation (2):						
Secured Tax Increment	5,007,124	5,196,264	5,126,168	5,789,323	5,564,000	
Unsecured Tax Increment	546,986	540,646	539,105	524,721	576,825	
Unitary Tax Revenue	157,503	156,135	155,281	146,105	135,520	
Total Annual Tax Increment	5,711,614	5,893,045	5,820,554	6,460,149	6,276,346	
Variance From Computed Levy	(214,681)	(64,637)	(57,659)	(111,298)	(60,024)	
<b>% Collections</b>	<b>96.38%</b>	<b>98.92%</b>	<b>99.02%</b>	<b>98.31%</b>	<b>99.05%</b>	<b>98.33%</b>
IV. Add Prior Year Redemptions (3)	31,911	135,151	101,161	76,404	103,485	
Total Annual Tax Increment + Redemptions	5,743,524	6,028,195	5,921,715	6,536,553	6,379,830	
Variance From Computed Levy	31,911	135,151	101,161	76,404	103,485	
<b>% Collections + Redemptions</b>	<b>96.92%</b>	<b>101.18%</b>	<b>100.74%</b>	<b>99.47%</b>	<b>100.69%</b>	<b>99.80%</b>

(1) Amounts shown are as reported by the Los Angeles County Auditor-Controller in August of each fiscal year.

(2) Source: County Auditor-Controller year-end remittance advice summaries. Amounts represent the annual tax increment revenues allocable to the Agency and do not include administrative fees, supplemental taxes, tax refunds, adjustments by the County Auditor-Controller, prior year redemption payments or pass throughs.

(3) Source: County Auditor-Controller year-end remittance advice summaries. Amounts represent cumulative redemption payments.

**Table 6**  
**Summary of New Development Value Added**  
**City Centre Project Area**  
**Burbank Redevelopment Agency**  
**(000s Omitted)**

Description	Net Value Added				
		2006-07	2007-08	2008-09	2009-10
<b><u>New Development Value Added</u></b>					
1 AMC Phase I - Sale to EPT	10,157	10,157	0	0	0
2 Collection Project (AMC Phase II)	71,171	0	0	71,171	0
3 Civic Plaza (Old Police Block)	17,000	17,000	0	0	0
4 Village Walk	43,731	32,798	10,933	0	0
<b>Total Real Property Value Added</b>	<b>142,059</b>	<b>59,955</b>	<b>10,933</b>	<b>71,171</b>	<b>0</b>

**Table 7**  
**Tax Increment Revenue Projection**  
**City Centre Project Area**  
**Burbank Redevelopment Agency**  
**(000s Omitted)**

	1	2	3	4	5	6	7	8	9	10
	Reported Real Property at FY 2%	New Development Added Value (Table 6)	Total Adjusted Real Property	Reported Personal Property	Total Project Assessed Value	Incremental Value Over Base \$38,380	(7) Gross Increment Revenue	Less County Admin Fee -2%	Less Appeals Refund (Table 4)	Available Tax Increment Revenue
(1) 2005-06	666,177	0	666,177	76,724	742,901	704,521	7,230	(145)	(37)	7,048
(2) 2006-07	675,852	59,955	735,807	76,668	812,475	774,095	7,931	(159)	0	7,772
2007-08	750,523	10,933	761,456	76,668	838,124	799,744	8,189	(164)	0	8,025
2008-09	776,685	71,171	847,856	76,668	924,524	886,144	9,059	(181)	0	8,878
2009-10	864,813	0	864,813	76,668	941,481	903,101	9,230	(185)	0	9,045
2010-11	882,109	0	882,109	76,668	958,777	920,397	9,404	(188)	0	9,216
(3) 2011-12	899,751	0	899,751	76,668	976,419	938,040	9,581	(192)	0	9,390
2012-13	917,746	0	917,746	76,668	994,414	956,035	9,763	(195)	0	9,567
(4) 2013-14	936,101	0	936,101	76,668	1,012,769	974,390	9,947	(199)	0	9,749
2014-15	954,823	0	954,823	76,668	1,031,491	993,112	10,136	(203)	0	9,933
2015-16	973,920	0	973,920	76,668	1,050,588	1,012,208	10,328	(207)	0	10,122
2016-17	993,398	0	993,398	76,668	1,070,066	1,031,686	10,524	(210)	0	10,314
2017-18	1,013,266	0	1,013,266	76,668	1,089,934	1,051,554	10,725	(214)	0	10,510
2018-19	1,033,531	0	1,033,531	76,668	1,110,200	1,071,820	10,929	(219)	0	10,710
2019-20	1,054,202	0	1,054,202	76,668	1,130,870	1,092,490	11,137	(223)	0	10,914
2020-21	1,075,286	0	1,075,286	76,668	1,151,954	1,113,574	11,349	(227)	0	11,122
(5) 2021-22	1,096,792	0	1,096,792	76,668	1,173,460	1,135,080	11,566	(231)	0	11,334
2022-23	1,118,728	0	1,118,728	76,668	1,195,396	1,157,016	11,787	(236)	0	11,551
2023-24	1,141,102	0	1,141,102	76,668	1,217,770	1,179,391	12,012	(240)	0	11,772
(6) 2024-25	1,163,924	0	1,163,924	76,668	1,240,592	1,202,213	0	0	0	0
Total							190,825	(3,816)	(37)	186,971

Note: Commencing in FY 2006-07, real property increases 2% per year.

(1) Project value as reported by the Los Angeles County Auditor Controller.

(2) FY 2006-07 incorporates assumed value reductions from identified secured and unsecured assessment appeals shown on Table 4.

(3) Reflects Plan effectiveness limit of 10-26-2011 and extended 3 years by SB 1045 and SB 1096 (anticipated). Plan adopted 10-26-1971.

(4) Reflects debt incurrence limit of 1-1-2014

(5) Reflects tax increment receipt limit of 10-26-2021 and extended 3 years by SB 1045 and SB 1096 (anticipated).

(6) Based upon the County's current allocation schedule, no tax increment would be paid after the 10-26-2024 tax increment receipt limit date (as extended).

(7) Assumed tax rate of 1.007% is used based upon FY 2004-05 rate. Gross increment includes \$136,000 in annual Unitary tax revenue (FY 2004-05 actuals).

**Table 8****Cash Flow Projection****City Centre Project Area****Burbank Redevelopment Agency****(000s Omitted)**

	1	2	4	5	6	7	8
	Available Tax Increment	Housing Set Aside -20% Gross TI	2003 Refunding TA Bonds Series C	Media Ctr Note \$33 million 2% Increase (7)	Media Ctr Note \$18.5 million 2% Increase (7)	YES Fund Contribution 3% Increase (7)	Net Tax Increment After Senior Obligations
FY	(Table 7)						
(1) 2005-06	7,048	(1,446)	(1,629)	(2,189)	(766)	(188)	831
(2) 2006-07	7,772	(1,586)	(1,637)	(2,233)	(781)	(206)	1,329
2007-08	8,025	(1,638)	(1,633)	(2,277)	(797)	(212)	1,469
2008-09	8,878	(1,812)	(1,632)	(2,323)	(813)	(218)	2,080
2009-10	9,045	(1,846)	(1,634)	(2,369)	(829)	(224)	2,143
2010-11	9,216	(1,881)	(1,630)	(2,417)	(845)	(231)	2,212
(3) 2011-12	9,390	(1,916)	(1,629)	(2,465)	(862)	(238)	2,279
2012-13	9,567	(1,953)	(1,626)	(2,514)	(880)	(245)	2,350
(4) 2013-14	9,749	(1,989)	(1,625)	(2,565)	(897)	(253)	2,420
2014-15	9,933	(2,027)	(1,625)	(2,616)	(915)	(260)	2,489
2015-16	10,122	(2,066)	(1,622)	(2,668)	(933)	(268)	2,564
2016-17	10,314	(2,105)	(1,616)	(619)	(217)	(276)	5,481
2017-18	10,510	(2,145)	(1,617)	0	0	(284)	6,464
2018-19	10,710	(2,186)	(1,614)	0	0	(293)	6,617
2019-20	10,914	(2,227)	(1,612)	0	0	(302)	6,773
2020-21	11,122	(2,270)	(1,615)	0	0	(311)	6,926
(5) 2021-22	11,334	(2,313)	(1,610)	0	0	(320)	7,091
2022-23	11,551	(2,357)	(1,606)	0	0	0	7,588
2023-24	11,772	(2,402)	(1,603)	0	0	0	7,767
(6) 2024-25	0	0	0	0	0	0	0
Total	186,971	(38,165)	(30,814)	(27,257)	(9,535)	(4,328)	76,873

(1) Project value as reported by the Los Angeles County Auditor Controller.

(2) FY 2006-07 increment reflects assumed value reductions from identified secured and unsecured assessment appeals shown on Table 4.

(3) Reflects Plan effectiveness limit of 10-26-2011 and extended 3 years by SB 1045 and SB 1096 (anticipated). Plan adopted 10-26-1971.

(4) Reflects debt incurrence limit of 1-1-2014

(5) Reflects debt repayment limit of 10-26-2021 and extended 3 years by SB 1045 and SB 1096 (anticipated).

(6) Based upon the County's current allocation schedule, no tax increment would be paid after the 10-26-2024 tax increment receipt limit date.

(7) Source: Burbank Redevelopment Agency.

**Table 9**  
**Tax Increment Revenue Projection - Site Specific AMC Phases I & II**  
**City Centre Project Area**  
**Burbank Redevelopment Agency**  
**(000s Omitted)**

	1	2	3	4	5	6	7	8	9
	Site Specific	New	Total	Incremental					Site
	Real	Site Specific	Site Specific	Value Over	(6)	Housing	Less	YES	Specific
	Property at	Added Value	Assessed	Base of	Gross	Set Aside	County	Fund	Tax
FY	2%	(Table 6)	Value	\$11,231	Increment	-20%	Admin Fee	Contribution	Increment
					Revenue	Gross TI	-2%	-5%	Revenue
(1) 2005-06	45,677	0	45,677	34,446	347	(69)	(7)	(17)	253
2006-07	46,591	10,157	56,747	45,517	458	(92)	(9)	(23)	335
2007-08	57,882	0	57,882	46,652	470	(94)	(9)	(23)	343
2008-09	59,040	71,171	130,211	118,980	1,198	(240)	(24)	(60)	875
2009-10	132,815	0	132,815	121,584	1,224	(245)	(24)	(61)	894
2010-11	135,471	0	135,471	124,241	1,251	(250)	(25)	(63)	913
(2) 2011-12	138,181	0	138,181	126,950	1,278	(256)	(26)	(64)	933
2012-13	140,944	0	140,944	129,714	1,306	(261)	(26)	(65)	954
(3) 2013-14	143,763	0	143,763	132,533	1,335	(267)	(27)	(67)	974
2014-15	146,638	0	146,638	135,408	1,364	(273)	(27)	(68)	995
2015-16	149,571	0	149,571	138,341	1,393	(279)	(28)	(70)	1,017
2016-17	152,563	0	152,563	141,332	1,423	(285)	(28)	(71)	1,039
2017-18	155,614	0	155,614	144,383	1,454	(291)	(29)	(73)	1,061
2018-19	158,726	0	158,726	147,496	1,485	(297)	(30)	(74)	1,084
2019-20	161,901	0	161,901	150,670	1,517	(303)	(30)	(76)	1,108
2020-21	165,139	0	165,139	153,908	1,550	(310)	(31)	(77)	1,131
(4) 2021-22	168,441	0	168,441	157,211	1,583	(317)	(32)	(79)	1,156
2022-23	171,810	0	171,810	160,580	1,617	(323)	(32)	(81)	1,180
2023-24	175,246	0	175,246	164,016	1,652	(330)	(33)	(83)	1,206
(5) 2024-25	178,751	0	178,751	167,521	0	0	0	0	0
Total					23,905	(4,781)	(478)	(1,195)	17,451

Note: Commencing in FY 2006-07, real property increases 2% per year.

(1) Project value as reported by the Los Angeles County Assessor.

(2) Reflects Plan effectiveness limit of 10-26-2011 and extended 3 years by SB 1045 and SB 1096. Plan adopted 10-26-1971.

(3) Reflects debt incurrence limit of 1-1-2014

(4) Reflects tax increment receipt limit of 10-26-2021 and extended 3 years by SB 1045 and SB 1096 (anticipated).

(5) Based upon the County's current allocation schedule, no tax increment would be paid after the 10-26-2024 tax increment receipt limit date (as extended).

(6) Assumed tax rate of 1.007% is used based upon FY 2004-05 rate.

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## **APPENDIX G**

### **GENERAL AND ECONOMIC INFORMATION REGARDING THE CITY OF BURBANK**

*Information contained in this appendix is presented as general background data. The Bonds are payable solely from Tax Increment Revenues and revenues generated by the Special Taxes and are not a general obligation of the City, the Agency, or the District. Except with respect to the Tax Increment Revenues and the Special Taxes, neither the full faith and credit nor the taxing power of the City, the Agency, the District, the County, or the State or any political subdivision thereof is pledged to the payment of the Bonds.*

#### **General**

The City of Burbank, California (the "City") is located in the greater metropolitan Los Angeles area, approximately 12 miles northeast of downtown Los Angeles, in the southeast section of the San Fernando Valley. The economy in the City represents a diverse blend of commercial and residential development. The City is the home of several major entertainment industry firms, including NBC, Warner Brothers, and Walt Disney Company. The City is a mature community that experienced very little population growth in the later 1970's, modest population growth in the early 1980's, and slightly faster population growth in the late 1980's and early 1990's. See "Population" below. The Bob Hope Airport (formerly known as the Burbank-Glendale-Pasadena Airport) is located in the City. The airport is served by several major airlines, including: Alaska Airlines, Aloha Airlines, American Airlines, America West Airlines, Delta Airlines, JetBlue Airways, Southwest Airlines, and United Airlines.

#### **Municipal Government**

The City was incorporated as a general law city on July 8, 1911, and adopted its city charter on January 13, 1927. The City is administered by a Council-Manager form of government. The five City Council members, one of whom serves as Mayor, are elected at-large for four-year terms. Elections are staggered at two-year intervals. There is currently one vacancy on the City Council, which vacancy is expected to be filled on February 14, 2006. As of June 30, 2004, the City had 1,577 employees, including 1,200 full-time and 377 part-time, temporary, or seasonal employees. The City operates 25 parks, a golf course, and three libraries.

#### **Demographic Statistics**

The following table sets forth various demographic data regarding the City, including population and public school enrollment, from fiscal year 1994-95 through 2004-05:

**Table A-1**  
**CITY OF BURBANK**  
**DEMOGRAPHIC STATISTICS**  
**(1994-95 through 2004-05)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Public School Enrollment</u>
1994-95	99,880	13,391
1995-96	101,424	13,836
1996-97	102,481	14,146
1997-98	104,048	14,154
1998-99	105,300	14,664
1999-2000	106,480	14,925
2000-01	102,400	15,173
2001-02	102,745	15,008
2002-03	104,497	15,159
2003-04	105,437	15,018
2004-05	106,379	14,945

Source: For fiscal years 1994-95 through 2003-04, City of Burbank Comprehensive Annual Financial Report; for fiscal year 2004-05, City.

## Employment

The City is part of the Los Angeles-Long Beach-Glendale Metro Division Metropolitan Statistical Area ("MSA"). The civilian labor force for the MSA increased from an average of 4,809,700 in 2004 to 4,879,435 for the period of January through November in 2005.

**Table A-2**  
**LOS ANGELES COUNTY, STATE OF CALIFORNIA, AND UNITED STATES**  
**LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT**  
**Yearly Average for Calendar Years 2000-2005 <sup>(1)</sup>**

<u>Year</u>	<u>Area</u>	<u>Civilian Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2000	MSA	4,681,300	4,427,800	253,500	5.4%
	State	16,869,700	16,034,100	835,600	5.0
	United States	142,583,000	136,891,000	5,692,000	4.0
2001	MSA	4,752,900	4,483,000	269,900	5.7
	State	17,150,100	16,217,500	932,600	5.4
	United States	143,734,000	136,933,000	6,801,000	4.7
2002	MSA	4,769,900	4,446,100	323,800	6.8
	State	17,326,900	16,165,100	1,161,800	6.7
	United States	144,863,000	136,485,000	8,378,000	5.8
2003 <sup>(2)</sup>	MSA	4,782,000	4,447,800	334,200	7.0
	State	17,414,000	16,223,500	1,190,500	6.8
	United States	146,510,000	137,736,000	8,774,000	6.0
2004 <sup>(2)</sup>	MSA	4,809,700	4,494,000	315,700	6.6
	State	17,552,300	16,459,900	1,092,400	6.2
	United States	147,401,000	139,252,000	8,149,000	5.5
2005 <sup>(1) (2)</sup>	MSA	4,879,435	4,617,663	261,773	5.4
	State	17,810,900	16,850,427	7,580,000	5.4
	United States	149,310,000	141,730,000	7,580,000	5.1

(1) 2005 figure for January through November 2005 only.

(2) United States statistics not strictly comparable with data for prior years.

Sources: California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

## Industry and Employment

The following table lists the City's major employers as of January 1, 2005. Most of these entities are also among the City's largest taxpayers.



**Table A-3  
CITY OF BURBANK  
MAJOR EMPLOYERS**

<u>Company Name</u>	<u>No. of Employees</u>	<u>Products/Services</u>
The Walt Disney Company	9,466	Entertainment
Warner Bros. Entertainment Inc.	8,000	Entertainment
Providence St. Joseph Medical Center	3,500	Medical
Burbank Unified School District	2,010	Education
City of Burbank	1,509	Government
National Broadcasting Company West, LLC	1,278	Entertainment
Burbank Glendale Pasadena Airport Support Services	1,400	Aviation
Health Line Clinical Labs	560	Medical
Photo-Kern	552	Media Related
Clear Channel Communications	477	Entertainment

Source: City of Burbank License & Code Services.

Production facilities of Warner Bros. Entertainment (also known as Time Warner Entertainment), National Broadcasting Company/Universal (formerly known as National Broadcasting Company and National Broadcasting Company West, LLC), and The Walt Disney Company place the City in a leading role in the Southern California entertainment industry.

#### **Principal Property Owners and Taxpayers**

The following table lists the City's top ten property owners as of June 30, 2005, according to assessed value.

**Table A-4  
CITY OF BURBANK  
PRINCIPAL PROPERTY OWNERS  
(as of June 30, 2005)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value \$000</u>	<u>Percentage of Assessed Valuation</u>
Turner Entertainment	Motion picture and television	\$ 667,763	7.26%
Walt Disney Productions	Motion picture and television	642,060	6.98
Alexander Haagen Properties	Retail properties	211,819	2.31
National Broadcasting Company	Major television network	162,047	1.77
DB Real Estate (Pinnacle)	Office buildings	143,500	1.56
Tower Burbank Limited	Office buildings	115,750	1.26
Zelman Burbank Empire LLC	Retail properties	112,447	1.23
Southwest Airlines	Airline	112,447	0.81
Avalon Promenade Inc.	Apartment buildings	74,464	0.80
New Burbank LLC (Hilton)	Hotels	<u>73,119</u>	<u>0.71</u>
Subtotal		2,267,782	24.69
Other Taxpayers		<u>6,930,427</u>	<u>75.31</u>
<b>Total for Entire City</b>		<b>\$9,198,209</b>	<b>100.00%</b>

Source: City.

#### **Taxable Sales**

The table below shows the history of taxable transactions for the City for the years indicated.

**Table A-5**  
**CITY OF BURBANK**  
**TAXABLE SALES**  
**(1999 – 2004)**  
**(dollars in thousands)**

<u>Type of Business</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004*</u>
Retail Stores						
Apparel	\$ 46,474	\$ 46,842	\$ 49,966	\$ 64,670	\$ 59,896	\$ 15,080
General Merchandise	223,297	241,661	250,695	324,821	349,655	87,350
Food	66,036	68,308	69,125	64,895	65,884	17,082
Eating & Drinking Places	169,552	182,751	192,774	211,018	223,022	61,508
Home Furnishing & Appliances	139,370	145,548	146,389	159,093	172,347	48,386
Bldg Materials & Farm Implements	54,830	53,344	74,638	116,459	152,614	52,226
Auto Dealers & Suppliers	44,974	54,969	67,558	98,566	122,503	36,150
Service Stations	86,586	106,830	111,331	108,634	126,389	35,513
Other Retail Stores	<u>230,392</u>	<u>242,338</u>	<u>252,280</u>	<u>282,492</u>	<u>293,604</u>	<u>73,898</u>
Retail Stores Total	1,061,511	1,142,591	1,214,756	1,430,648	1,565,914	427,193
All Other Outlets	<u>615,380</u>	<u>680,178</u>	<u>662,390</u>	<u>634,289</u>	<u>673,176</u>	<u>187,095</u>
<b>Total All Outlets</b>	<b>\$1,676,891</b>	<b>\$1,822,769</b>	<b>\$1,877,146</b>	<b>\$2,064,937</b>	<b>\$2,239,090</b>	<b>\$614,288</b>

\* Data is through third quarter of 2004 only.  
Source: California State Board of Equalization.

### Construction Activity

The number of building permits issued by the City for the years indicated is set forth below.

**Table A-6**  
**CITY OF BURBANK**  
**BUILDING PERMITS**  
**(Fiscal Years 1994-95 through 2004-05)**

<u>Fiscal Year</u>	<u>Number of Permits</u>
1994-95	2,565
1995-96	2,286
1996-97	1,985
1997-98	2,187
1998-99	2,374
1999-00	2,268
2000-01	2,399
2001-02	2,627
2002-03	2,776
2003-04	2,686
2004-05	2,757

Source: For fiscal years 1994-95 through 2003-04, City of Burbank Comprehensive Annual Financial Report; for fiscal year 2004-05, City.

### Utilities

The City provides its own municipal electric, water, and sewer utilities. Southern California Gas Company and SBC Communications, Inc., also serve the City.

**APPENDIX H**  
**FORM OF CONTINUING DISCLOSURE AGREEMENTS**  
**(CITY/AGENCY FORM)**

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by and among the City of Burbank, California (the "City") (for itself and on behalf of the District, as defined below), the Redevelopment Agency of the City (the "Agency"), and Wells Fargo Bank, National Association, in its capacity as dissemination agent (the "Dissemination Agent"), in connection with the issuance by the City, on behalf of the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) (the "District"), of the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) 2006 Special Tax Bonds in the aggregate principal amount of \$6,155,000 (the "Bonds"). The Bonds are being issued pursuant to the City of Burbank Special Tax Financing Improvement Code, constituting Article 20 of Chapter 14 of the Burbank Municipal Code (the "Law"), and a Fiscal Agent Agreement, dated as of February 1, 2006 (the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"), in order to provide funds to finance a portion of the costs of certain public parking improvements within the District. The City (for itself and on behalf of the District), the Agency, and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

Section 2. Definitions. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the City (for itself and on behalf of the District) and the Agency, pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

"*Annual Report Date*" shall mean the date in each year that is seven months after the end of the City's Fiscal Year, which Fiscal Year end, as of the date of this Disclosure Agreement, is June 30.

"*Dissemination Agent*" shall mean Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the City, which successor must have filed a written acceptance of such designation with the City.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. A list of the approved National Repositories can be found on the Securities and Exchange Commission website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"*Official Statement*" means the Official Statement dated January 27, 2006, relating to the Bonds.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

*“Repository”* shall mean each National Repository and each State Repository.

*“Rule”* shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*“Special Taxes”* shall mean an annual special tax to be levied on certain real property within the District, which shall secure the payment of debt service on the Bonds.

*“State Repository”* shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

### Section 3. Provisions of Annual Reports.

(a) The City and the Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 31, 2007, provide to each Repository and any Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, with a copy to the Fiscal Agent and the Participating Underwriter. Not later than 15 Business Days prior to said date, the City and the Agency shall provide their Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the City or the Agency. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements provided by the City and the Agency may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. The Annual Report may be filed using the SEC-Approved Electronic Transmission Facilities provided by the Texas Municipal Advisory Council at website <http://www.disclosureusa.org>. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City and the Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and Agency, and shall have no duty or obligation to review such Annual Report.

(b) If the City and the Agency are unable to provide the Repositories with an Annual Report by the date required in subsection (a), the City shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;
2. file a report with the City, the Agency, and the Fiscal Agent (if the Dissemination Agent is other than the Fiscal Agent) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided; and
3. take any other actions mutually agreed upon among the Dissemination Agent, the City, and the Agency.

Section 4. Content of Annual Reports. Each Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City and Agency, which include information regarding the funds and accounts of the District, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following additional items with respect to the Bonds and the property in the District subject to the levy of Special Taxes:

1. Principal amount of Bonds outstanding.
2. Balance in the funds and accounts established under the Fiscal Agent Agreement.
3. A statement as to whether or not the amount on deposit in the Reserve Fund is equal to the Reserve Requirement and, if not, the amount of the delinquency or surplus, as applicable.
4. If any moneys are still on deposit in the Escrow Fund or the Improvement Fund, the estimated date of completion of the improvements being financed with the Bond proceeds.
5. The amount of Special Taxes levied and the delinquency rate for the Special Taxes for the most recent year.
6. Concerning delinquent parcels:
  - ÷! number of parcels in District delinquent in payment of Special Tax,
  - ÷! total of such delinquency and percentage of delinquency in relation to total Special Tax levy,
  - ÷! status of the actions taken by the City or the Agency related to any foreclosure proceedings upon delinquent properties within the District.
7. Identity of any delinquent taxpayer obligated for any of the annual Special Tax levy, plus:
  - ÷! assessed value of applicable properties, and
  - ÷! summary of results of foreclosure sales, if available.
8. Information relating to Tax Increment Revenues for the then-current fiscal year, including the information included in Table 2 entitled "Projection of Tax Increment Revenues;" provided, however, that projections for future fiscal years need not be provided.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District, the City, the Agency, or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal

Securities Rulemaking Board. The City and the Agency shall clearly identify each such other document so included by reference.

Section 5.      Reporting of Significant Events.

(a)      Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1.      Principal and interest payment delinquencies.
2.      Non-payment related defaults.
3.      Unscheduled draws on debt service reserves reflecting financial difficulties.
4.      Unscheduled draws on credit enhancements reflecting financial difficulties.
5.      Substitution of credit or liquidity providers, or their failure to perform.
6.      Adverse tax opinions or events affecting the tax-exempt status of the security.
7.      Modifications to rights of security holders.
8.      Bond calls.
9.      Defeasances.
10.     Release, substitution, or sale of property securing repayments of the securities.
11.     Rating changes.

(b)      Whenever the City (or the Agency, who will immediately notify the City) obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities law.

(c)      If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the City shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository, with a copy to the Agency, the Fiscal Agent, and the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Fiscal Agent Agreement.

Section 6.      Termination of Reporting Obligation. The obligations of the City, the Agency, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7.      Dissemination Agent. The City may from time to time appoint or engage a Disseminating Agent to assist it in carrying out its (and the Agency's) obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Fiscal Agent shall be

appointed as the Dissemination Agent. The initial Dissemination Agent shall be Wells Fargo Bank, National Association.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City, the Agency, and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, status, or type of business conducted of the City, the District, or the Agency;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the City and the Agency or nationally recognized bond counsel, materially impair the interest of Bondholders.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City and the Agency to meet their respective obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City or the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City or the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City or the Agency, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Agency to comply with any provisions of this Disclosure Agreement, any Participating Underwriter or any holder or beneficial owner of the Bonds, or the Fiscal Agent on behalf of the holders of the Bonds, may take such actions as may be

necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Agency, as applicable, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Agency to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City and the Agency each agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City and the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the City or the Agency pursuant to this Disclosure Agreement. The City shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the City, the Agency, the Dissemination Agent, the Fiscal Agent, the Participating Underwriter, and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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Section 13. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: [Closing Date]

CITY OF BURBANK, CALIFORNIA,  
for itself and on behalf of the City of Burbank  
Community Facilities District No. 2005-1  
(The Collection Public Parking Facility)

By: \_\_\_\_\_  
Authorized Signatory

REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK

By: \_\_\_\_\_  
Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT  
NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF  
FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Burbank Community Facilities District No. 2005-1  
(The Collection Public Parking Facility)

Name of Bond Issue: City of Burbank Community Facilities District No. 2005-1 (The Collection  
Public Parking Facility) 2006 Special Tax Bonds

NOTICE IS HEREBY GIVEN that the City of Burbank, California (the "City") and the  
Redevelopment Agency of the City have not provided an Annual Report with respect to the above-named  
Bonds as required by the Continuing Disclosure Agreement, dated [Closing Date]. The City anticipates  
that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

## FORM OF CONTINUING DISCLOSURE AGREEMENT

### (DEVELOPER FORM)

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), is executed and entered into on [Closing Date], by and between Wells Fargo Bank, National Association, as dissemination agent (the "Dissemination Agent"), and Burbank Collection, Ltd., a California limited partnership (the "Developer");

#### WITNESSETH:

WHEREAS, pursuant to the Fiscal Agent Agreement, dated as of February 1, 2006 (the "Fiscal Agent Agreement"), by and between the City of Burbank (the "City"), for and on behalf of the City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility) (the "District"), and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"), the District has issued its 2006 Special Tax Bonds in the aggregate principal amount of \$6,155,000 (the "Bonds");

WHEREAS, the Bonds are payable from and secured by certain tax increment revenues derived from, and special taxes levied on, certain of the property within the District;

WHEREAS, the Developer is a Major Developer within the meaning set forth in Section 1 below, is the owner of one hundred percent (100%) of the property within the District, and is developing such property with commercial and residential structures; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Developer and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds and in order to assist the underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Capitalized undefined terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Fiscal Agent Agreement. In addition, the following capitalized terms shall have the following meanings:

"*Affiliate*" of another Person means (a) a Person directly or indirectly owning, controlling, or holding with power to vote, five percent (5%) or more of the outstanding voting securities of such other Person, (b) any Person five percent (5%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by or under common control with such other Person; for purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

"*Assumption Agreement*" means an agreement between a Major Developer, or an Affiliate thereof, and the Dissemination Agent containing terms substantially similar to this Disclosure Agreement, whereby such Major Developer or Affiliate agrees to provide semi-annual reports and notices of significant events with respect to the portion of the Property owned by such Major Developer and its Affiliates.

*“Commercial Component”* means the non-residential portion of the Development, which, as of the date hereof, is planned to include approximately 49,300 square feet of restaurant, retail, and storage space.

*“Development”* means the development of the property in the District being undertaken, as of the date hereof, by the Developer, as described in the Official Statement.

*“Development Plan”* means, with respect to a Major Developer, the specific improvements such Major Developer intends to make, or cause to be made, to such Major Developer’s Property that, as described in the Official Statement under the caption “THE DEVELOPER AND THE DEVELOPMENT – The Development Plan,” is being developed by such Major Developer, the time frame in which such improvements are intended to be made, and the estimated costs of such improvements.

*“Disclosure Representative”* means any general partner of the Developer, or such other person as the Developer shall designate in writing to the Fiscal Agent from time to time.

*“Dissemination Agent”* means Wells Fargo Bank, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Fiscal Agent a written acceptance of such designation.

*“Event of Bankruptcy”* means, with respect to a Person, that such Person files a petition or institutes a proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby such Person asks or seeks or prays to be adjudicated bankrupt, or is to be discharged from any or all of such Person’s debts or obligations, or offers to such Person’s creditors to effect a composition or extension of time to pay such Person’s debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of such Person’s debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character is filed or instituted or taken against such Person and the same shall remain undismissed for a period of 60 days, or if a receiver of the business or of the property or assets of such Person is appointed by any court, or if such Person makes a general assignment for the benefit of such Person’s creditors.

*“Financing Plan”* means, with respect to a Major Developer, the method by which such Major Developer intends to finance its Development Plan, including specific sources of funding for such Development Plan; the Developer’s Financing Plan, as of the date hereof, is described in the Official Statement under the caption “THE DEVELOPER AND THE DEVELOPMENT – The Financing Plan.”

*“Financial Statements”* means, with respect to a Major Developer, the full financing statements, special purpose financial statements, project operating statements, or other reports reflecting the financial position of each entity, enterprise, fund, account, or other person (other than a financial institution acting as a lender in the ordinary course of business) identified in such Major Developer’s Financing Plan as a source of funding for such Major Developer’s Development Plan or, where such funding by such entity, enterprise, fund, account, or other person is to be provided or is guaranteed by another entity, enterprise, fund, account, or other person, the full financial statements, special purpose financing statements, project operating statements, or other reports reflecting the financial position of such other entity, enterprise, fund, account, or other person (other than a financial institution acting as a lender in the ordinary course of business); provided that, if such financial statements or reports are otherwise prepared as audited financial statements or reports, then Financial Statements means such audited financial statements or reports; provided further, however, that nothing herein shall require the preparation of audited financial statements or reports.

*“Listed Events”* means any of the events listed in Section 4(a) hereof.

*“Major Developer”* means, as of any date, any Property Owner, including the Developer, that owns Property that has not been released pursuant to Section 6 of this Disclosure Agreement and that, together with Property owned by such Property Owner’s Affiliates that has not been released pursuant to Section 6 of this Disclosure Agreement, is subject to ten percent (10%) or more of the Special Tax levy for the then current Fiscal Year.

*“National Repository”* means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. A list of the approved National Repositories can be found on the Securities and Exchange Commission website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

*“Official Statement”* means the Official Statement dated January 27, 2006, relating to the Bonds.

*“Participating Underwriter”* means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

*“Person”* means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, or a government or political subdivision thereof.

*“Property”* means the real property within the boundaries of the District that is not exempt from the Special Taxes.

*“Property Owner”* means any Person that owns a fee interest in any Property.

*“Repository”* means each National Repository and each State Repository.

*“Rule”* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*“Semi-Annual Report”* means any Semi-Annual Report provided by the Developer pursuant to, and as described in, Sections 2 and 3 hereof.

*“Semi-Annual Report Date”* means the dates each year that are ninety (90) days following the end of the previous half fiscal year of the Developer, which ending dates, as of the date of this Disclosure Agreement, are June 30 and December 31 (making the Semi-Annual Report Dates, as of the date of this Disclosure Agreement, September 30 and March 31).

*“State Repository”* means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

**Section 2. Provision of Semi-Annual Reports.** (a) The Developer shall, or, upon receipt of the Semi-Annual Report by the Dissemination Agent, the Dissemination Agent shall, provide to each Repository and any Participating Underwriter a Semi-Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Semi-Annual Report Date, commencing September 30, 2006. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Developer, if any, may be submitted separately from the balance of the Semi-Annual Report, and later than the date required above for the filing of the Semi-Annual Report if not available by that date. The Semi-Annual Report may be

filed using the SEC-Approved Electronic Transmission Facilities provided by the Texas Municipal Advisory Council at website <http://www.disclosureusa.org>. If the Developer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(b) hereof.

(b) Not later than 15 business days prior to the date specified in subsection (a) for providing the Semi-Annual Report to Repositories, the Developer shall provide the Semi-Annual Report (in a form suitable for reporting to the Repositories) to the Dissemination Agent and the Fiscal Agent (if the Fiscal Agent is not the Dissemination Agent). If by such date, the Fiscal Agent has not received a copy of the Semi-Annual Report, the Fiscal Agent shall contact the Disclosure Representative and the Dissemination Agent to inquire if the Developer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that a Semi-Annual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Semi-Annual Report the name and address of each National Repository and each State Repository, if any;

(ii) provide any Semi-Annual Report received by it to each Repository, as provided herein; and

(iii) file a report with the Developer, the Fiscal Agent (if the Dissemination Agent is not the Fiscal Agent) and the Participating Underwriter certifying that the Semi-Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

(e) The Developer shall, or if received by the Dissemination Agent, the Dissemination Agent shall, provide a Semi-Annual Report to each Participating Underwriter described on Exhibit B attached hereto at the time such Semi-Annual Report is provided to the Repositories in accordance with this Section.

Section 3. Content of Semi-Annual Reports. The Developer's Semi-Annual Report shall contain or incorporate by reference the following:

(a) Financial Statements for each Major Developer, prepared in accordance with generally accepted accounting principles, as in effect from time to time, or in accordance with such other accounting methodology as shall be acceptable to the Participating Underwriter. If audited Financial Statements are required to be provided, and such audited Financial Statements are not available by the time the Semi-Annual Report is required to be filed pursuant to Section 2(a) hereof, the Semi-Annual Report shall contain unaudited Financial Statements, and the audited Financial Statements shall be filed in the same manner as the Semi-Annual Report when they become available. Such Financial Statements shall be for the most recently ended fiscal year for the entity covered thereby and, notwithstanding any other provision hereof, shall only be required to be provided annually.

(b) The following information with respect to each Major Developer:

(i) If information regarding such Major Developer has not previously been included in a Semi-Annual Report or in the Official Statement, the Development Plan of such Major Developer or,

if information regarding such Major Developer has previously been included in a Semi-Annual Report or in the Official Statement, a description of the progress made in the Development Plan of such Major Developer since the date of such information and a description of any significant changes in such Development Plan and the causes or rationale for such changes.

(ii) If information regarding such Major Developer has not previously been included in a Semi-Annual Report or in the Official Statement, the Financing Plan of such Major Developer or, if information regarding such Major Developer has previously been included in a Semi-Annual Report or in the Official Statement, a description of any significant changes in the Financing Plan of such Major Developer and the causes or rationale for such changes.

(iii) A description of any building permits issued with respect to any of such Major Developer's property in the District during the six months covered by the Semi-Annual Report; provided, however, that residential building permits may be aggregated for the purpose of such description and described in terms of the general location of the authorized construction within the District.

(iv) A description of any new sales or leases of portions of each Major Developer's Property during the six months covered by such Semi-Annual Report, including the identification of each buyer or lessee, as applicable, the number of square feet of land or building space, as applicable, sold or leased. In the case of leased Property within the Commercial Component, the applicable Major Developer shall include a list of leases relating to such Property, in the format set forth in Table 6 of the Official Statement, which list will include the name of the lessee, the space leased, the term of the lease, and the amount and due date of the lease payments. For property located within the Residential Component, the identification of individual homeowners or home buyers shall not be required.

(v) A description of how many leasable square feet of Property were owned by such Major Developer as of the end of the six-month period covered by such Semi-Annual Report, how many leasable square feet of such Major Developer's Property has been developed in accordance with the applicable Development Plan during such six-month period, and how many leasable square feet of such Major Developer's Property had not been developed in accordance with the applicable Development Plan as of the end of such six-month period.

(vi) An update of the status of any previously reported Listed Event described in Section 4 hereof.

(vii) Any significant amendments to land use entitlements for such Major Developer's Property, if material.

(viii) Any previously undisclosed governmentally-imposed preconditions to commencement or continuation of development on such Major Developer's Property, if material.

(ix) Any previously undisclosed legislative, administrative, or judicial challenges to development on such Major Developer's Property, if material.

(x) Any changes, if material, in the alignment, design, or likelihood of completion of significant public improvements affecting such Major Developer's Property, including major thoroughfares, sewers, water conveyance systems, and similar facilities.

(xi) The assumption of any obligations by a Major Developer pursuant to Section 5 hereof.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Developer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Major Developers that are Affiliates of each other may file a single Semi-Annual Report covering all such entities. Any or all of the items listed above may be included by specific reference to other documents that have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Developer shall clearly identify each such other document so included by reference. If the obligation of Major Developer has terminated in accordance with Section 6 hereof and such fact has previously been reported under this Section 3, no further report under this Section 3 shall be required from such Major Developer, commencing with the semi-annual reporting period following the semi-annual reporting period in which such termination occurred.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 4, the Developer shall promptly give, or cause to be given notice of the occurrence of any of the following events with respect to each Major Developer:

(i) Any conveyance by such Major Developer of Property owned by such Major Developer to an entity that is not an Affiliate of such Major Developer, the result of which conveyance is to cause the transferee to become a Major Developer.

(ii) Any failure of such Major Developer, or any Affiliate of such Major Developer, to pay when due general property taxes or assessments with respect to its Property.

(iii) Any denial or termination of credit, any denial or termination of, or default under, any line of credit or loan or any other loss of a source of funds that could have a material adverse affect on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay Special Taxes when due.

(iv) The occurrence of an Event of Bankruptcy with respect to such Major Developer, or any Affiliate of such Major Developer, that could have a material adverse affect on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay Special Taxes when due.

(v) Any material damage to or destruction of any structures on the Major Developer's Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall promptly notify the Dissemination Agent, the Fiscal Agent, the Participating Underwriter, and the District in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (c) below. The Developer shall provide the Dissemination Agent with a form of notice of such event in a format suitable for reporting to the Municipal Securities Rulemaking Board and each State Repository, if any.

(c) If the Dissemination Agent has been instructed by the Developer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository and shall provide a copy of such notice to each Participating Underwriter described on Exhibit B attached hereto.



Section 5. Assumption of Obligations. If a portion of the Property owned by the Developer, any Affiliate of the Developer, a Major Developer who has not assigned its obligations to another Major Developer in accordance with this Section 5, or an Affiliate of such Major Developer is conveyed to a Person that, upon such conveyance, will be a Major Developer, the obligations of the Developer or such Major Developer hereunder with respect to the Property owned by the Developer or such Major Developer and its Affiliates may be assumed by the new Major Developer or by an Affiliate thereof and, in such case, such obligations of such assigning Developer or Major Developer with respect to such Property shall terminate. In order to effect such assumption, such new Major Developer or Affiliate shall enter into an Assumption Agreement.

Section 6. Termination of Reporting Obligation. The Developer's obligations under this Disclosure Agreement shall terminate upon the earliest to occur of:

- (a) the date on which no Property Owner is a Major Developer, as defined herein, or
  - (b) the date on which:
    - (i) the Developer is no longer a Major Developer, and
    - (ii) the Developer no longer has any obligations under this Disclosure Agreement with respect to any remaining Property as a result of such obligations having been assumed under one or more Assumption Agreements entered into pursuant to Section 5 hereof, or
  - (c) the date on which all of the Bonds have been legally defeased, redeemed, or paid in full,
- or
- (d) the date on which the Developer completes the development of its Property in accordance with its Development Plan and:
    - (i) with respect to the Commercial Component only, when either of the following circumstances exist: (A) 90% of the leasable square footage of the Commercial Component shall be occupied by tenants under a term or month-to-month lease or (B) all moneys on deposit in the Escrow Fund shall have been released in accordance with the Fiscal Agent Agreement for deposit into the Reserve Fund, the Improvement Fund, or the Bond Fund, as applicable, and the City shall have received a written certification from the Special Tax Consultant (as defined in the Official Statement), or such other consultant that the City may retain, to the effect that the amount of Tax Increment Revenues then being generated by the Tax Increment Site (as defined in the Official Statement) is sufficient to pay the regularly scheduled debt service with respect to the outstanding Bonds, and
    - (ii) with respect to the Residential Component only, when the property within the Residential Component is released from the lien of Special Tax in accordance with the Rate and Method of Apportionment.

The Developer's obligations under this Disclosure Agreement with respect to a Major Developer shall terminate upon the earliest to occur of (x) the date on which such Major Developer is no longer a Major Developer, as defined herein, or (y) the date on which the Developer's obligation with respect to such Major Developer are assumed under an Assumption Agreement entered into pursuant to Section 5 hereof; provided however, that until the occurrence of any of the events described in clauses (x) or (y), the Developer's obligations hereunder with respect to each other Major Developer, if any, shall remain in full force and effect.

Upon the occurrence of the termination of the obligations of the Developer or any Major Developer hereunder prior to the final maturity of the Bonds, the Developer shall give notice of each such termination in the same manner as for a Listed Event under Section 4 hereof.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days written notice to the Developer and the Fiscal Agent. The Dissemination Agent shall have no duty to prepare the Semi-Annual Report nor shall the Dissemination Agent be responsible for filing any Semi-Annual Report not provided to it by the Developer in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Fiscal Agent shall be the Dissemination Agent. If the Dissemination Agent is other than the Fiscal Agent, the Developer shall be responsible for paying the fees and expenses of the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Developer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Developer, so long as such amendment does not adversely affect the rights or obligations of the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to Sections 2(a), 3, or 4(a) hereof it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver (i) is approved by holders of a majority of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of any holders of the Bonds.

If the annual financial information or operating data to be provided in the Semi-Annual Report is amended pursuant to the provisions hereof, the first annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial statements or information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations, including its obligation to pay debt service on the Bonds. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting

principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 4 hereof.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent any Major Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Semi-Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If any Major Developer chooses to include any information in any Semi-Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, such Major Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Semi-Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of any Major Developer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the written direction of any Participating Underwriter or the holders of at least twenty-five percent (25%) aggregate principal amount of outstanding Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Dissemination Agent), or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause such Major Developer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of any Major Developer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement. The Developer agrees to indemnify and save the Dissemination Agent, and its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it or they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no responsibility for the preparation, review, form, or content of any Semi-Annual Report or any notice of a Listed Event. No provision of this Disclosure Agreement shall require or be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. Information disclosed hereunder by the Dissemination Agent may contain such disclaimer language concerning the Dissemination Agent's responsibilities hereunder with respect thereto as the Dissemination Agent may deem appropriate. The Dissemination Agent may conclusively rely on the determination of the Developer as to the materiality of any event for purposes of Section 4 hereof. The Dissemination Agent makes no representation as to the sufficiency of this Disclosure Agreement for purposes of the Rule. The Developer's obligations under this Section shall survive the termination of this Disclosure Agreement. The Developer shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Major Developers, the Dissemination Agent, the Fiscal Agent, the Participating Underwriter, and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

BURBANK COLLECTION, LTD.,  
a California limited partnership

By: \_\_\_\_\_  
General Partner

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT  
NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF  
FAILURE TO FILE SEMI-ANNUAL REPORT

Name of District:       City of Burbank Community Facilities District No. 2005-1  
                                  (The Collection Public Parking Facility)

Name of Bond Issue:   City of Burbank Community Facilities District No. 2005-1  
                                  (The Collection Public Parking Facility) 2006 Special Tax Bonds

NOTICE IS HEREBY GIVEN that Burbank Collection, Ltd., a California limited partnership (the "Developer"), has not provided a Semi-Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated [Closing Date]. The Developer anticipates that the Semi-Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

cc:     Burbank Collection, Ltd.

**EXHIBIT B**  
**PARTICIPATING UNDERWRITERS**

Stone & Youngberg LLC  
One Ferry Building, Suite 275  
San Francisco, CA 94111  
Attention: Municipal Research

## APPENDIX I

### BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond-related transactions by and among The Depository Trust Company (“DTC”), New York, New York, Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District for inclusion herein. Accordingly, the City, the Agency, the District, and the Underwriter do not and cannot make any independent representations concerning these matters.

When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC. Beneficial ownership in the Bonds may be acquired or transferred only through book entries made on the records of DTC and its Participants. If the Bonds are taken out of the book-entry-only system and delivered to Bondowners in physical form, as described below, the following discussion will not apply.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate, and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and, collectively with Direct Participants, “Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). *The foregoing internet addresses are included for reference only and the information on the internet sites is not a part of this Official Statement or*

*incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information included in such internet sites.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the Fiscal Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price, and interest payments on the Bonds will be made to Cede & Co, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Fiscal Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of



DTC nor its nominee, the Fiscal Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**With respect to Bonds registered in the name of Cede & Co., the City, the Agency, the District, and the Fiscal Agent have no responsibility or obligation to any Participant or Beneficial Owner of such Bonds. Without limiting the immediately preceding sentence, the City, the Agency, the District, and the Fiscal Agent have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the payment to any Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or any interest on, the Bonds, or (iv) any consent given or other action taken by DTC as owner of the Bonds. The City, the Agency, the District, and the Fiscal Agent may treat DTC as, and deem DTC to be, the absolute owner of each Bond for all purposes whatsoever, including (but not limited to) (a) payment of the principal or redemption price of, and interest on, each such Bond, (b) giving notices of redemption and other matters with respect to such Bonds, and (c) registering transfers with respect to such Bonds. The Fiscal Agent shall pay the principal or redemption price of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid.**

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, the Bonds are required to be prepared and delivered as described in the Fiscal Agent Agreement.

The City, on behalf of the District, may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Bonds will be prepared and delivered as described in the Fiscal Agent Agreement.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the City and the District believe to be reliable, but neither the City nor the District takes any responsibility for the accuracy thereof.

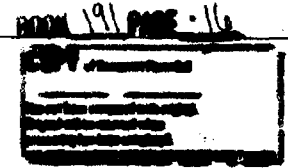
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**APPENDIX J**  
**BOUNDARY MAP OF THE DISTRICT**

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**PROPOSED BOUNDARIES OF  
CITY OF BURBANK  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
(The Collection Public Parking Facility)  
COUNTY OF LOS ANGELES  
STATE OF CALIFORNIA**

05 2246211



SEP 16 2005

SEP 16 2005

Sept 16, 2005

(1) Filed in the office of the City Clerk of the City of Burbank this 14<sup>th</sup> day of September, 2005.

Margarita Campos

Margarita Campos  
City Clerk, City of Burbank

(2) I hereby certify that the within map showing the proposed boundaries of City of Burbank Community Facilities District No. 2005-1 (The Collection Public Parking Facility), City of Burbank, County of Los Angeles, State of California, was approved by the Council of the City of Burbank at a regular meeting thereof, held on this 13<sup>th</sup> day of September, 2005, by its Resolution No. 27,069.

Margarita Campos

Margarita Campos  
City Clerk, City of Burbank

(3) Filed this \_\_\_\_ day of \_\_\_\_\_, 2005, at the hour of \_\_\_\_ o'clock \_\_\_\_ m, in Book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at Page \_\_\_\_\_ and as Instrument No. \_\_\_\_\_ in the office of the County Recorder in the County of Los Angeles, State of California.

Conny B. McCormack  
Registrar-Recorder/County Clerk,  
County of Los Angeles

By \_\_\_\_\_  
Deputy  
Fee \_\_\_\_\_

Exempt recording requested,  
per CA Government Code §6103

**PROPOSED BOUNDARIES OF  
CITY OF BURBANK  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
(The Collection Public Parking Facility)  
COUNTY OF LOS ANGELES  
STATE OF CALIFORNIA**

**LEGEND**

Proposed Boundaries of City of Burbank  
Community Facilities District No. 2005-1  
(The Collection Public Parking Facility),  
Los Angeles County, California



Reference is hereby made to the Assessor maps of the  
County of Los Angeles for a description of the lines  
and dimensions of this parcel.

